



UK 2 Investment Series

Annual Report Including Long Form Financial Statements

Issued May 2010

For the period 1 April 2009 to 31 March 2010



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Invesco Perpetual UK 2 Investment Series

Report of the Authorised Corporate Director (ACD)

The Company

The Invesco Perpetual UK 2 Investment Series is an Investment Company with variable capital, incorporated in England and Wales on 11 April 2003.

The Company is an "Umbrella Company" (under the ICVC Regulations) and therefore new sub funds may be formed by the ACD, subject to Regulatory approval. Any changes to sub funds or share classes will be included in an updated Prospectus. Each sub fund of the Company belongs to the type of "UCITS Scheme which complies with Chapter 5 of the FSA Collective Investment Schemes Sourcebook 2004 Regulations ("COLL Sourcebook")".

At 31 March 2010, the Company consisted of three sub funds:

Invesco Perpetual Income Fund
Invesco Perpetual UK Enhanced Index Fund
Invesco Perpetual UK Strategic Income Fund

Accounting periods

Annual accounting date	31 March
Interim accounting date	30 September
Distribution payable on	31 May
Interim distribution payable on	30 November

Should expenses and taxation exceed income in a distribution period, no distribution will be payable.

Share classes available

Invesco Perpetual Income Fund

Accumulation shares
Accumulation shares (No Trail)
Income shares
Income shares (No Trail)

Invesco Perpetual UK Enhanced Index Fund

Accumulation shares (No Trail)
Income shares (No Trail)

Invesco Perpetual UK Strategic Income Fund

Accumulation shares
Accumulation shares (No Trail)
Income shares
Income shares (No Trail)

The sub funds are valued at 12 noon on each dealing day. Prices can be found in the Financial Times and on our website (www.invescoperpetual.co.uk).

Liability

The shareholders of the Company have no liability for the debts of the Company. However, as a sub fund is not a legal entity, if the assets attributable to any sub fund are insufficient to meet the liabilities attributable to it, the shortfall may be met out of the assets attributable to one or more of the other sub funds of the Company.

Fund Ratings

Invesco Perpetual Income Fund

S&P Fund Rating¹ 'AAA'
OBSR Fund Rating² 'AAA'

Invesco Perpetual UK Strategic Income Fund

S&P Fund Rating¹ 'AA'

¹Standard & Poor's Fund Ratings are based on an in-depth evaluation of the fund manager and the fund's performance. Ratings are formally monitored every three months and reviewed annually and range from a top 'AAA' to a 'A' rating. Any level of Standard & Poor's rating is recognised throughout the investment industry as a considerable achievement.

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²OBSR ratings are determined following in-depth qualitative and quantitative analysis, with the final rating based on three key factors - risk adjusted performance, investment process and the skills of the individual fund manager. The ratings range from a top 'AAA' rating to a 'A' rating. Any rating is recognised throughout the investment industry as a considerable achievement and an indication of high quality.

Risk Profile

Shareholders should be aware of the risks inherent in investing in securities and other financial instruments. Financial markets can be vulnerable to unpredictable price movements and are affected by a number of factors, both political and economic.

The main risks from the Company's holding of financial instruments are set out in note 15 of the Notes to the Company's financial statements on pages 11 to 13.

ISA Eligibility

All the Company's sub funds, except for the Invesco Perpetual UK Enhanced Index Fund, qualify for stocks and shares ISA investment. None of the sub funds qualify for cash ISA investment.

Certification of the Annual Report by the ACD

In accordance with the requirements of the Financial Services (Open-Ended Investment Companies) Regulations 2001, I hereby certify these financial statements on behalf of the Directors of Invesco Fund Managers Limited.

C.D.Henderson - Director

20 May 2010

Invesco Perpetual UK 2 Investment Series

Company's financial statements

Aggregated Statement of Total Return

For the period 1 April 2009 to 31 March 2010

	Notes	£'000	01.4.09 to 31.3.10 £'000	£'000	01.4.08 to 31.3.09 £'000
Income					
Net capital gains/(losses) on investments during the period ¹	2		1,502,922		(1,322,609)
Revenue	3	308,171		263,475	
Expenses ¹	4	(109,248)		(97,743)	
Finance costs: Interest	6	(125)		(934)	
Net revenue before taxation		198,798		164,798	
Taxation	5	(6,234)		(4,751)	
Net revenue after taxation for the period			192,564		160,047
Total return for the period			1,695,486		(1,162,562)
Finance costs: Distributions	6		(289,521)		(244,717)
Change in net assets attributable to shareholders			1,405,965		(1,407,279)

Aggregated Statement of Change in Shareholders' Net Assets

For the period 1 April 2009 to 31 March 2010

	£'000	01.4.09 to 31.3.10 £'000	£'000	01.4.08 to 31.3.09 £'000
Opening net assets attributable to shareholders		5,395,615		6,093,751
Movement due to sales and repurchases of shares				
Amounts received on issue of shares	978,960		826,604	
Less: Amounts paid on cancellation of shares	(310,384)		(265,576)	
		668,576		561,028
Stamp Duty Reserve Tax		(3,943)		(3,291)
Change in net assets attributable to shareholders		1,405,965		(1,407,279)
Income accumulations		178,476		151,386
Unclaimed distribution monies		25		20
Closing net assets attributable to shareholders		7,644,714		5,395,615

¹ The adoption of the SORP issued in November 2008 has resulted in presentation changes to the Statement of Total Return, whereby, Other gains/(losses) and security charges are now classified as net capital gains/(losses) on investments during the period. The effect of this is to remove £6,071,000 (2009 - £458,000) from "Other gains/(losses)" and reduce "Expenses" by £13,000 (2009 - £13,000), with a corresponding change in "Net capital gains/(losses) on investments during the period".

Invesco Perpetual UK 2 Investment Series

Company's financial statements

Aggregated Balance Sheet				31.3.10	31.3.09
as at 31 March 2010		Notes	£'000	£'000	£'000
Assets					
Investment assets			7,609,942		5,493,921
Debtors	7	59,801		55,486	
Cash and bank balances	8	52,129		21,532	
Total other assets			111,930		77,018
Total assets			7,721,872		5,570,939
Liabilities					
Investment liabilities					78,092
Creditors	9	20,445		52,697	
Bank overdrafts		-		47	
Distribution payable on income shares		56,713		44,488	
Total other liabilities			77,158		97,232
Total liabilities			77,158		175,324
Net assets attributable to shareholders			7,644,714		5,395,615

Invesco Perpetual UK 2 Investment Series

Notes to the Company's financial statements

1 Accounting policies

a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Financial Statements of Authorised Funds issued by the IMA in November 2008.

The adoption of the IMA SORP 2008 has made some presentational changes to the Statement of Total Return and comparative figures have been restated accordingly. These presentation changes have no impact on the current or prior periods total return or the total net assets of the company or each sub-funds.

The financial statements have been prepared on the going concern basis.

b) Recognition of income

- i) Dividends on quoted ordinary shares and preference shares are recognised when the securities are quoted ex-dividend. Where such securities are not quoted, dividends are recognised when they are declared.
- ii) Nominal interest on bank balances and deposits is recognised on an accruals basis.
- iii) Revenue arising on debt securities is accreted or amortised over the life of such securities and recognised at a constant rate over the life of the instrument (effective yield accounting). Accrued interest purchased and sold on interest-bearing securities is excluded from the capital cost of these securities and dealt with as part of the income of the Company.
- iv) All income is recognised at a gross amount that includes any withholding taxes but excludes any other taxes, such as attributable tax credits.

c) Scrip dividends

Ordinary scrip dividends are recognised wholly as income and are based on the market value of the shares on the dates they are quoted ex-dividend. Where an enhancement is offered, the amount by which the market value of the shares on the date they are quoted ex-dividend exceeds the cash dividend is taken to capital. The ordinary element of scrip dividends is treated as income and forms part of the Company's distribution.

d) Special dividends and share buy-backs

The underlying circumstances behind both special dividends and the proceeds from share buy-backs are reviewed on a case by case basis in determining whether the amount is capital or income in nature. Amounts recognised as income will form part of the Company's distribution. Any tax treatment thereon will follow the accounting treatment of the principal amount.

e) Underwriting commission

Underwriting commission is wholly recognised as income when the issue takes place, except where the Company is required to take up all or some of the shares underwritten, in which case an appropriate proportion of the commission received is deducted from the cost of those shares.

f) Expenses

All expenses, except for those relating to the purchase and sale of investments and Stamp Duty Reserve Tax, are charged initially against income.

g) Revenue allocation to share classes

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net income after expenses attributable to each class.

h) Distribution

The Company will distribute all income disclosed in the annual financial statements (less expenses and taxation) subject to an adjustment for security charges, which are considered to be of a capital nature. Should expenses and taxation exceed income, there will be no distribution and the shortfall will be met from capital. All sub fund accumulations and distributions are paid as dividend distributions.

In calculating the amount to be distributed, the following funds allocate the ACD's periodic charge to capital, thereby increasing the amount available for distribution:

Invesco Perpetual Income Fund

Invesco Perpetual UK Strategic Income Fund

Distributions which have remained unclaimed by shareholders for more than six years are credited to the capital property of the sub-fund.

Invesco Perpetual UK 2 Investment Series

Notes to the Company's financial statements

1 Accounting policies continued

i) Basis of valuation of investments

All investments have been valued on the last business day of the period at bid market value net of any accrued income, as required by the Statement of Recommended Practice, at 4.30pm. Where there is no reasonably reputable price source for an investment, the ACD will assess any information available from internal and external sources in order to arrive at an estimated market value.

j) Exchange rates

Assets and liabilities in foreign currencies are translated into sterling at the exchange rates ruling at 4.30pm on the last business day of the period. Revenue items denominated in foreign currencies are translated into sterling at the exchange rates ruling at the times of the transactions.

k) Taxation and deferred taxation

Provision is made for corporation tax at the current rate on the excess of taxable income over allowable expenses. Provision is made on all material timing differences arising from the different treatment of items for accounting and tax purposes. A deferred tax asset is recognised only to the extent that there will be taxable profits in the future against which the asset can be offset.

l) Efficient management

Where appropriate, certain permitted transactions such as derivatives or forward currency transactions are used for efficient management. Where such transactions are used to protect or enhance income, the income and expenses derived therefrom are included in 'Revenue' or 'Expenses' in the Statement of Total Return. Where such transactions are used to protect or enhance capital, the gains and losses derived therefrom are included in 'Net capital gains/losses on investments' in the Statement of Total Return. Any positions on such transactions open at the period end are reflected in the Balance Sheet at their marked to market value.

m) Dilution adjustment

The ACD may apply a dilution adjustment on the issue and redemption of such shares if, in its opinion, the existing shareholders (for sales) or remaining shareholders (for redemptions) might otherwise be adversely affected, and if applying a dilution adjustment, so far as practicable, it is fair to all shareholders and potential shareholders. In particular, the dilution adjustment may be applied in the following circumstances for all sub funds in the Invesco Perpetual UK 2 Investment Series:

- where over a dealing period a sub fund has experienced a large level of net issues or redemptions relative to its size. For these purposes a large level of net dealing is defined as 5% or more of the net asset value of the sub fund in question (as calculated at the last valuation point); or
- where over a dealing period the Invesco Perpetual UK Enhanced Index Fund, experiences a large level of net issues or redemptions relative to its size. For this sub fund, a large level of net dealing is defined as 1% or more of the net asset value of the sub fund (as calculated at the last valuation point); or
- where the ACD considers it necessary to protect the interests of the shareholders of that Company.

Please refer to Appendix 1 of the Full Prospectus which shows the size of typical dilution adjustments by sub fund and an indication of the frequency of application of such adjustments.

n) Stamp Duty Reserve Tax

The sub funds will normally bear the cost of SDRT as it is not the ACD's intention to charge individual buyers or sellers of shares for this on normal transactions. However, the ACD reserves the right to charge a SDRT provision of up to 0.5% of its value, on a deal under certain circumstances. These exceptional circumstances are set out in the Prospectus.

o) Comparative figures

The Aggregated Statement of Total Return, the Aggregated Statement of Change in Shareholders' Net Assets, the Aggregated Balance Sheet and the relevant Notes to the Financial Statements do not reflect the figures for the Invesco Perpetual UK Focus Fund and the Invesco Perpetual UK Opportunities Fund for the period from 1 April 2008 to 3 October 2008, the date on which the Schemes of Arrangement became effective.

Invesco Perpetual UK 2 Investment Series

Notes to the Company's financial statements

2 Net capital gains/(losses) on investments	01.4.09 to 31.3.10 £'000	01.4.08 to 31.3.09 £'000
Non-derivative securities	1,500,516	(1,295,842)
Derivative securities	453	7,863
Forward currency contracts	8,040	(34,159)
Other currency	(6,071)	(458)
Security charges	(16)	(13)
Net capital gains/(losses) on investments	1,502,922	(1,322,609)

3 Revenue	01.4.09 to 31.3.10 £'000	01.4.08 to 31.3.09 £'000
UK dividends	241,577	216,016
Overseas dividends	53,062	40,632
Scrip dividends	5,579	2,168
Bond interest	7,127	3,286
Underwriting commission	812	526
Securities lending income	-	10
Interest on balances held at futures clearing houses and brokers	1	57
Bank interest	13	780
	308,171	263,475

4 Expenses	01.4.09 to 31.3.10 £'000	01.4.08 to 31.3.09 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	97,240	86,788
Registration fees	11,530	10,324
Accounts printing and postage	32	43
	108,802	97,155

Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	345	365
Safe custody fees	-	186
	345	551

Other expenses:		
Audit fee	20	23
FT listing fees	12	14
Safe custody fees	69	-
	101	37

Total expenses	109,248	97,743
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5 Taxation		
a) Analysis of charge for the period	01.4.09 to 31.3.10 £'000	01.4.08 to 31.3.09 £'000
Overseas tax	6,238	4,751
Recoverable overseas tax	(1)	-
Income tax recoverable	(3)	-
Current and total tax charge for the period	6,234	4,751

There is no corporation tax charge for the period (2009 - Nil).

Invesco Perpetual UK 2 Investment Series

Notes to the Company's financial statements

5 Taxation continued

b) Factors affecting the tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK for an authorised investment company with variable capital. The differences are explained below:

	01.4.09 to 31.3.10 £'000	01.1.08 to 31.3.09 £'000
Net revenue before taxation	198,798	164,798
Corporation tax at 20% (2009 - 20%)	39,759	32,961
Effects of:		
Revenue not subject to tax	(58,976)	(43,633)
Income tax recoverable	(3)	-
Overseas tax recoverable	(1)	-
Movement in income accruals taxable on receipt	1,832	(837)
Movement in excess expenses	17,433	12,458
Higher tax rates on overseas earnings	6,190	3,802
Current tax charge for the period	6,234	4,751

Authorised investment companies with variable capital are exempt from tax on capital gains. Therefore any capital return is not included in the above reconciliation.

c) Deferred tax asset

At the period end, there is a potential deferred tax asset of £75,477,000 (2009 - £56,212,000) in relation to surplus management expenses. It is unlikely the funds will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the period or prior period.

6 Finance costs

	01.4.09 to 31.3.10 £'000	01.4.08 to 31.3.09 £'000
Distributions and interest		
Accumulations and distributions for the period	296,536	250,011
Add: Amounts paid on cancellation of shares	3,307	2,931
Less: Amounts received on issue of shares	(10,322)	(8,225)
	289,521	244,717
Interest	125	934
Total finance costs	289,646	245,651
The distributable amount has been calculated as follows:		
Net revenue after taxation	192,564	160,047
ACD's periodic charge taken to capital	96,985	86,592
Tax relief on ACD's periodic charge taken to capital	(28)	(1,922)
	289,521	244,717

7 Debtors

	31.3.10 £'000	31.3.09 £'000
Amounts receivable for issue of shares	21,432	26,409
Sales awaiting settlement	-	101
Accrued income	38,361	28,971
Income tax recoverable	3	-
Prepaid expenses	5	5
	59,801	55,486

Invesco Perpetual UK 2 Investment Series

Notes to the Company's financial statements

8 Cash and bank balances	31.3.10 £'000	31.3.09 £'000
Amounts held at futures clearing houses and brokers	86	816
Cash and bank balances	52,043	20,716
	52,129	21,532

9 Creditors	31.3.10 £'000	31.3.09 £'000
Amounts payable for cancellation of shares	5,346	2,812
Purchases awaiting settlement	4,298	42,379
Accrued expenses	10,798	7,491
Foreign currency contracts awaiting settlement (net)	3	-
Interest payable	-	14
Due to depositary	-	1
	20,445	52,697

10 Securities lending	01.4.09 to 31.3.10 £'000	01.4.08 to 31.3.09 £'000
Revenue (see note 3) is made up as follows:		
Gross revenue from securities lending	-	12
Fees and expenses thereon	-	(2)
	-	10

11 Commitments and contingent liabilities	31.3.10 £'000	31.3.09 £'000
Calls payable on open offer shares	-	227
Calls payable on nil paid shares	-	58
Potential calls on warrants, if exercised	319,355	72,962
	319,355	73,247

12 Dealing commission arrangements

The level of securities trading on the sub funds is determined by fund management decisions. The ACD's buying and selling values of securities trades always meet current best execution regulations. Commissions are paid to brokers for these trades. Under current regulations, the ACD is allowed to ask a number of brokers, with whom it has commission sharing arrangements, to use some of the commissions paid to brokers to pay for permitted execution and research services used by the ACD in the managing of its funds. If trading does not result in sufficient commissions to pay for these services, then the ACD pays for them.

Invesco Perpetual UK 2 Investment Series

Notes to the Company's financial statements

13 Transactions and balances with related parties

- a) Invesco Fund Managers Limited (and its associates), as ACD, is a related party and acts as principal in respect of all transactions in the shares of the Company. The aggregate monies received through the issue and paid on cancellation of shares are disclosed in the Aggregated Statement of Change in Shareholders' Net Assets on page 3.

Amounts payable to Invesco Fund Managers Limited in respect of administration and registration services are disclosed in note 4. Amounts due at the end of the accounting period for administration services £9,578,000 (2009 - £6,614,000) and registration services £1,153,000 (2009 - £779,000) are disclosed in note 9 within accrued expenses.

Invesco Fund Managers Limited and its associates (including other authorised investment companies managed by Invesco Fund Managers Limited) held the following shareholdings in the sub funds:

	Shares held at 31.3.10	Change in period	Shares held at 31.3.09
Income Fund accumulation shares	2,106,838	(216,718)	2,323,556
Income Fund accumulation shares (No Trail)	-	(500)	500
Income Fund income shares	3,506,970	485,495	3,021,475
Income Fund income shares (No Trail)	-	(500)	500
UK Enhanced Index Fund accumulation shares (No Trail)	71,745	9,193	62,552
UK Enhanced Index Fund income shares (No Trail)	-	(1,751)	1,751
UK Strategic Income Fund accumulation shares	21,138,754	13,117,778	8,020,976
UK Strategic Income Fund accumulation shares (No Trail)	262	(500)	762
UK Strategic Income Fund income shares	-	(500)	500
UK Strategic Income Fund income shares (No Trail)	-	(1,010)	1,010

- b) Other parties with an interest in excess of 20% of a share class:

	Shares held at 31.3.10	Change in period	Shares held at 31.3.09
AXA Isle of Man Limited			
UK Enhanced Index Fund income shares (No Trail)	15,938	-	15,938
Cofunds Limited			
UK Strategic Income Fund income shares	24,175,463	23,926,025	249,438
Hartford Life Limited			
UK Enhanced Index Fund accumulation shares (No Trail)	25,981,259	(4,608,718)	30,589,977
HSBC Global Custody Nominees Limited (and associates)			
UK Strategic Income Fund income shares (No Trail)	5,132,362	(1,570,486)	6,702,848
Port of London Nominees Limited			
UK Enhanced Index Fund accumulation shares (No Trail)	14,158,409	(330,213)	14,488,622
Scottish Equitable Managed Funds Limited			
UK Enhanced Index Fund accumulation shares (No Trail)	12,757,244	(569,875)	13,327,119
Union Pension Trustees Eastern Limited			
UK Strategic Income Fund accumulation shares (No Trail)	10,289	5,538	4,751

Invesco Perpetual UK 2 Investment Series

Notes to the Company's financial statements

14 Shareholders' funds

The Company currently has four share classes, accumulation, accumulation (No Trail), income and income (No Trail) in issue. The ACD's initial charge and periodic charge are as follows:

		Initial charge %	Periodic charge %
Income Fund	- Trail classes	5.0	1.50
	- No Trail classes	5.0	1.00
UK Enhanced Index Fund ¹	- No Trail classes	5.0	0.20
UK Strategic Income Fund	- Trail classes	5.0	1.50
	- No Trail classes	5.0	1.00

¹ Minimum investment £250,000.

The net assets attributable to each share class, the net asset value per share and the number of shares in issue of each class are shown in the Comparative Table of each sub fund. These can be found on:

Income Fund	page 16
UK Enhanced Index Fund	page 33
UK Strategic Income Fund	page 49

Each share class has the same rights on a winding up of the Company.

15 Derivatives and other financial instruments

In pursuing its investment objectives, the Company holds a number of financial instruments that may comprise securities and other investments, cash balances and debtors and creditors that arise directly from its operations. Derivatives, such as futures or forward currency contracts, may be utilised for efficient management purposes.

Political and economic events in the major economies of the world, such as the United States, Japan and the European Union, will influence stock and securities markets worldwide.

The main risks from the Company's holding of financial instruments are set out below together with the ACD's policy for managing these risks.

Market price risk

Market price risk is the risk that the value of the Company's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rates or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the Company holds.

Market price risk represents the potential loss the Company may suffer through holding market positions in the face of price movements. The Company's investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy. For an equity portfolio the risk is generally regarded as consisting of two elements – stock specific risk and market risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stock markets can mitigate market risk.

Foreign currency risk

Foreign currency risk is the risk that the sterling value of the Company's investments will fluctuate as a result of changes in exchange rates. Changes in the sterling exchange rate can affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms and the prices of imports sold in the UK. Investment in overseas securities will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates.

The ACD may seek to reduce exposure to currency risk by the use of forward currency contracts. The hedging of currency exposure is undertaken to minimise foreign currency exposure or where the ACD considers that there is a compelling economic case. However, no single hedging strategy can be universally suitable for all shareholders.

Invesco Perpetual UK 2 Investment Series

Notes to the Company's financial statements

15 Derivatives and other financial instruments continued

Interest rate risk

Interest rate risk is the risk that the value of the Company's investments will fluctuate as a result of changes in interest rates. The value of fixed interest securities may be affected by changes in the interest rate environment, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of income receivable from fixed interest securities, receivable on bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

By a careful assessment of economic and other relevant factors, we seek to invest in those companies most likely to benefit, or be shielded, from anticipated changes in interest rates.

Liquidity risk

A substantial proportion of the Company's assets consists of readily realisable securities. The main liability of the Company is the cancellation of any shares that investors wish to sell. Securities may need to be sold to fund such cancellations should insufficient cash be held at the bank to meet this obligation.

Smaller companies, by their nature, tend to have relatively modest traded share capital, and the market in such shares can, at times, prove illiquid. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

The equity markets of emerging countries tend to be more volatile than the more developed markets of the world. Standards of disclosure and accounting regimes may not always fully comply with international criteria, and can make it difficult to establish accurate estimates of fundamental value. The paucity of accurate and meaningful information, and inefficiencies in its distribution, can leave emerging markets prone to sudden and unpredictable changes in sentiment. The resultant investment flows can trigger significant volatility in these relatively small and illiquid markets. At the same time, this lack of liquidity, together with low dealing volumes, can restrict the Company's ability to execute substantial deals.

Credit risk

The Company may find that companies in which it invests fail to settle their debts on a timely basis. The value of securities issued by such companies may fall as a result of the perceived increase in credit risk.

Transactions in securities entered into by the Company give rise to exposure to the risk that counterparties may not be able to fulfil their responsibility by completing their side of the transaction. The Company minimises this risk by conducting trades through reputable counterparties.

Investment objective

Each sub fund has been managed throughout the period in accordance with its investment objective. These can be found on:

Income Fund	page 14
UK Enhanced Index Fund	page 31
UK Strategic Income Fund	page 47

The sub funds may also hold cash and near cash assets where reasonably necessary to fund cancellations of shares, for the efficient management of the sub fund or for purposes ancillary to the objectives of the sub fund. They may also borrow, providing such borrowing is on a temporary basis and does not exceed the limits laid down in the regulations. The exercise of these powers and the management of risk during the period is disclosed above. The use of financial instruments by a UCITS scheme is set out in the COLL Sourcebook.

Fair value

The market value of investments is taken to equal 'fair value'. There is no material difference between the value of the financial assets and liabilities as shown in the Balance Sheet and their fair value.

Base currency

The base currency of the Company is sterling and is taken to be the 'functional currency' of the Company.

Bank balances and overdrafts

Bank balances and overdrafts are held by the Custodian, and are subject to the Custodian's variable credit and debit interest rates respectively.

Borrowings

The borrowing facilities available to the Company as at 31 March 2010 comprise a bank overdraft facility of 10% of the value of the Company.

Invesco Perpetual UK 2 Investment Series

Notes to the Company's financial statements

15 Derivatives and other financial instruments continued

Numerical disclosures

Numerical disclosures can be found in the notes to the financial statements for each sub fund, as follows:

Income Fund	page 28
UK Enhanced Index Fund	page 44
UK Strategic Income Fund	page 60

16 Post balance sheet event

There are no post balance sheet events that require additional disclosure or adjustments to the financial statements.

Income Fund

Investment report for the period

The Investment Objective of the Income Fund

The fund aims to achieve a reasonable level of income, together with capital growth. The fund intends to invest primarily in companies listed in the UK, with the balance invested internationally. In pursuing this objective, the fund managers may include investments that they consider appropriate which include transferable securities, money market instruments, warrants, collective investment schemes, deposits and other permitted investments and transactions as detailed in Appendix 2 of the most recent Full Prospectus.

Share Prices	01.4.10 p	01.4.09 p
Accumulation shares	1724.01	1324.71
Accumulation shares (No Trail)	92.15	70.31
Income shares (xd)	1169.38	936.43
Income shares (No Trail) (xd)	82.20	65.33

Performance

To 31 March 2010

	Since 30.9.09 %	Percentage growth Since 31.3.09 %	Since 31.3.05 %
Income Fund (income shares)	8.30	32.14	52.40
FTSE All-Share Index	12.24	52.30	41.29
IMA UK Equity Income & Growth Sector	8.84	42.22	33.04
Fund Ranking	12/18	16/18	2/17

Standardised rolling 12 month performance

	31.3.05 31.3.06 %	31.3.06 31.3.07 %	31.3.07 31.3.08 %	Percentage growth 31.3.08 31.3.09 %	31.3.09 31.3.10 %
Income Fund (income shares)	31.6	21.4	-9.9	-19.9	32.1

This standardised past performance information is updated on a quarterly basis. Should you require up to date past performance information, this is available on our website www.invescopetual.co.uk or by contacting us.

Fund and sector average performance data source: Lipper, mid-to-mid (excluding the initial sales charge), in sterling, with net income reinvested. FTSE All-Share Index data source: Thomson Datastream, total return, in sterling terms.

The value of investments and any income from them will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

Past performance is not a guide to future returns. Current tax levels and reliefs may change. Depending on individual circumstances, this may affect investment returns.

Income Fund

Investment report for the period

Strategy, review and outlook

In the twelve months to 31 March 2010, the fund rose by 32.1%, compared to a 52.3% rise for the FTSE All-Share Index. This placed the fund in the fourth quartile of its peer group, the IMA UK Equity Income & Growth sector, which gained by an average of 42.2%.

Fund and sector average performance data source: Lipper, mid-to-mid (excluding the initial sales charge), in sterling, with net income reinvested. FTSE All-Share Index data source: Thomson Datastream, total return, in sterling.

Past performance is not a guide to future returns.

The UK equity market made exceptionally strong progress in the year to the end of March 2010 as world economies began to emerge from the global recession. March 2009 saw the beginning of a sustained and powerful rally in almost all asset classes, driven by a combination of historically low interest rates, unprecedented fiscal support and the stabilisation of the Western banking sector. Investors' willingness to accept risk rebounded quickly as global conditions began to improve and with valuations having hit depressed levels. The recovery in the UK stock market has seen a clear divergence develop, with those companies most geared to the economic cycle leading the rally, while quality growth businesses have been largely left behind. Despite achieving strong absolute returns, the fund's preference for companies with low volatility of earnings, strong balance sheets and rising dividends saw it underperform the market, which focused almost exclusively on lower quality and cyclical areas.

Within the fund, the main sector shift was a significant reduction in exposure to oil related businesses. Over the year, we sold positions in Amec and BP due to our concerns about the future viability of their dividends as these companies attempt to balance shareholder returns with the immense costs of capital expenditure projects. Although the oil price has seen some strength recently, we believe that the global economic recovery will not be as strong as the market expects, leading to more moderate demand for oil. This would have an obvious impact on the oil price and in this environment we believe that these companies may not generate sufficient cash to cover investment and dividend costs. Our holding of EDF was also sold in favour of companies in which we hold a greater level of conviction.

A number of the fund's largest holdings were increased, taking advantage of what we consider to be outstanding value in specific areas of the market. Exposure to pharmaceuticals, through AstraZeneca and GlaxoSmithKline, tobacco via British American

Tobacco and Imperial Tobacco and utilities, including National Grid and Centrica, was increased as we believe these companies can continue to grow profits and dividends even in a tough economic environment.

We established a new position in Morrison (Wm.) Supermarkets as we believe that the group's value proposition is well suited to today's market environment. The company has been able to deliver robust like-for-like sales growth and an optimisation plan has improved profit margins. We believe the company remains poised to deliver considerable dividend growth in future years through new store openings in the south of England, better performance from the recently acquired Co-Op stores and further cost savings.

We believe that the UK economy continues to face a number of challenges over the coming years. We expect to see cuts in government spending and public sector job losses, both of which will have negative consequences for near-term growth prospects. We believe that the legacy of the financial crisis will also present a headwind for economic growth. With banks still rebuilding their balance sheets, credit growth in the UK is likely to remain slow and this is compounded by a lack of demand from the corporate and consumer sectors. Against this backdrop, we expect domestic economic growth to be weak for an extended period as the imbalances that still exist in the economy are slowly corrected. However, we are much more positive regarding the outlook for selected areas of the UK market as we believe there are pockets of significant undervaluation. Our conviction in these stocks is high and we believe they have the potential to assume leadership of the UK market in the years ahead.

Neil Woodford, Fund Manager

Where Neil Woodford has expressed views and opinions, these may change and are not necessarily representative of Invesco Perpetual views.

The fund's ten largest investments were	%
AstraZeneca	8.20
GlaxoSmithKline	7.61
Reynolds American	5.65
British American Tobacco	5.56
Vodafone	5.40
BG	5.31
Imperial Tobacco	5.07
Tesco	4.58
National Grid	4.37
BT	3.49

Income Fund

Investment report for the period

Comparative table

Total net assets of fund	31.3.10 £'000	31.3.09 £'000	31.3.08 £'000	31.3.07 £'000
Total net assets	7,416,242	5,259,689	5,970,603	5,216,870
Net asset value	31.3.10	31.3.09	31.3.08	31.3.07
Accumulation shares				
Assets attributable (£'000)	4,391,902	3,162,052	3,570,872	2,755,295
Shares in issue	256,854,173	239,264,628	221,001,793	153,212,048
Net asset value (pence per share)	1709.88	1321.57	1615.77	1798.35
Accumulation shares (No Trail)				
Assets attributable (£'000)	40,107	22,099	11,771	-
Shares in issue	43,895,156	31,484,034	13,786,006	-
Net asset value (pence per share)	91.37	70.19	85.38	-
Income shares				
Assets attributable (£'000)	2,816,749	2,010,392	2,356,222	2,461,575
Shares in issue	243,220,830	215,492,710	197,438,737	178,940,894
Net asset value (pence per share)	1158.10	932.93	1193.39	1375.64
Income shares (No Trail)				
Assets attributable (£'000)	167,484	65,146	31,738	-
Shares in issue	205,652,173	99,937,321	38,253,258	-
Net asset value (pence per share)	81.44	65.19	82.97	-

Price and income record by share class

Calendar year	Highest share price p	Lowest share price p	Net income per share p
Accumulation shares			
2007	1920.56	1690.82	42.5213
2008	1888.64	1292.55	62.3783
2009	1673.43	1264.82	63.3969
2010 ¹	1739.05	1622.95	31.3033
Accumulation shares (No Trail)			
2007 ²	100.81	89.05	1.1623
2008	99.71	68.48	3.2975
2009	89.21	67.18	3.3667
2010 ¹	92.95	86.67	1.6823
Income shares			
2007	1469.95	1294.21	32.5604
2008	1419.10	931.96	46.3977
2009	1156.01	913.23	45.1679
2010 ¹	1201.28	1119.66	21.5958
Income shares (No Trail)			
2007 ²	100.50	89.04	1.1622
2008	98.51	64.97	3.2268
2009	81.05	63.76	3.1562
2010 ¹	84.45	78.69	1.5275

¹ to 31 March

² from 31 May

Accumulation shares (No Trail) and income shares (No Trail) were issued at 100p on 31 May 2007.

Income Fund

Investment report for the period

Total expense ratio (TER)	01.4.09 to 31.3.10	01.4.08 to 31.3.09
Total expenses as % of average net assets		
Accumulation shares and income shares	1.68%	1.68%
Accumulation shares (No Trail) and income shares (No Trail)	1.18%	1.18%
Total expenses per note 4 (£'000)	107,888	96,990
Average net assets for the period (£'000)	6,464,277	5,784,064

The total expense ratio (TER) represents the annual operating expenses of the fund expressed as a percentage of average net assets for the period - it does not include initial charges or transaction expenses. The TER includes the annual management charge and also the following charges which are deducted directly from the Fund: Registration Fee, Depositary Fee, Custody Fee, Audit Fee, FSA Fee, Price Publication Fee and Report production, less : VAT recoverable where applicable. The TER is expressed as an annual percentage rate.

Portfolio turnover rate (PTR)	01.4.09 to 31.3.10	01.4.08 to 31.3.09
Total purchases (£'000)	1,520,325	2,243,063
Total sales (£'000)	866,248	1,735,907
Portfolio turnover rate as % of average net assets	18.30%	50.99%

Portfolio Turnover Rate (PTR) gives an indication of how frequently investments within the funds are purchased and sold. The PTR is calculated by taking (a) the sum of investments purchased and sold, less (b) the sum of the fund's share capital issued and cancelled, and is expressed as a percentage of the average net asset value.

Income Fund

Investment report for the period

Portfolio Statement as at 31 March 2010		Holding or nominal value of positions	Market value £'000	Percentage of total net assets %
Investment				
Denmark 0.00% (31.3.09 - 0.01%)				
Financials 0.00% (31.3.09 - 0.01%)				
Real Estate 0.00% (31.3.09 - 0.01%)				
EuroTrust		4,155,000	0	0.00
Finland 0.07% (31.3.09 - Nil)				
Health Care 0.07% (31.3.09 - Nil)				
Biotie Therapies		10,432,000	5,110	0.07
France 0.03% (31.3.09 - 1.59%)				
Utilities Nil (31.3.09 - 1.55%)				
Preference Shares 0.03% (31.3.09 - 0.04%)				
Mist Technologies pref. ¹		25,607	1,897	0.03
Sweden 0.00% (31.3.09 - 0.00%)				
Consumer Services 0.00% (31.3.09 - 0.00%)				
Travel & Leisure 0.00% (31.3.09 - 0.00%)				
Nordic Leisure ¹		2,950,000	0	0.00
Switzerland 1.00% (31.3.09 - Nil)				
Health Care 1.00% (31.3.09 - Nil)				
Novartis - Deutsche Bank covered warrants 18/6/2010		3,075,000	10,732	0.14
Roche Holding Genusscheine		595,000	63,596	0.86
United Kingdom 89.83% (31.3.09 - 90.51%)				
Oil & Gas 5.79% (31.3.09 - 11.71%)				
BG		34,586,192	394,283	5.31
Sterling Energy		25,091,078	35,378	0.48
Basic Materials 0.00% (31.3.09 - 0.01%)				
Chemicals 0.00% (31.3.09 - 0.01%)				
Clean Energy Brazil warrants 18/12/2011		2,024,582	0	0.00
Industrials 11.28% (31.3.09 - 8.45%)				
Industrial Goods & Services 11.28% (31.3.09 - 8.45%)				
BAE Systems		64,381,280	238,919	3.22
Bunzl		8,970,733	64,634	0.87
Capita		25,637,809	193,822	2.61
Cobham		12,766,666	32,797	0.44
Homeserve		2,541,790	45,498	0.62
PayPoint		6,022,744	21,080	0.29
Rolls-Royce		35,135,968	209,235	2.82
Stobart		21,225,547	30,395	0.41
Consumer Goods 15.95% (31.3.09 - 14.61%)				
Food & Beverage 1.81% (31.3.09 - 1.54%)				
Cranswick		4,450,478	35,493	0.48
Tate & Lyle		21,699,356	98,558	1.33
Personal & Household Goods 14.14% (31.3.09 - 13.07%)				
British American Tobacco		17,084,783	387,995	5.23
British American Tobacco - Deutsche Bank equity loan notes 21/3/2014		1,075,000	24,537	0.33
Imperial Tobacco		14,683,682	294,995	3.98
Imperial Tobacco - Deutsche Bank equity loan notes 21/3/2014		4,000,000	80,520	1.09
McBride		9,513,413	21,691	0.29
Reckitt Benckiser		6,611,058	239,056	3.22

Income Fund

Investment report for the period

Portfolio Statement continued as at 31 March 2010

Investment	Holding or nominal value of positions	Market value £'000	Percentage of total net assets %
Health Care 17.06% (31.3.09 - 14.67%)			
Ashley House	9,024,539	4,603	0.06
Assura	19,362,681	8,810	0.12
AstraZeneca	20,548,871	603,520	8.14
AstraZeneca - Deutsche Bank covered warrants 18/6/2010	1,500,000	4,545	0.06
BTG	16,135,036	28,736	0.39
GlaxoSmithKline	44,132,519	558,056	7.52
GlaxoSmithKline - Deutsche Bank covered warrants 18/6/2010	6,200,000	6,882	0.09
Imperial Innovations	6,422,079	30,826	0.42
Myotec Therapeutics	18,194	1,001	0.01
Phytopharm	63,331,179	6,808	0.09
Proximagen Neuroscience	4,000,000	4,200	0.06
Vernalis	13,343,958	7,239	0.10
Consumer Services 6.58% (31.3.09 - 6.46%)			
Retail 5.70% (31.3.09 - 4.65%)			
Morrison (Wm.) Supermarkets	28,290,000	83,003	1.12
Tesco	78,079,138	339,839	4.58
Media 0.88% (31.3.09 - 1.81%)			
Mecom	8,730,561	16,545	0.22
Yell	119,372,594	48,704	0.66
Telecommunications 9.11% (31.3.09 - 7.95%)			
BT	209,035,490	258,995	3.49
Daisy	17,191,509	16,332	0.22
Vodafone	259,550,172	394,516	5.32
Vodafone - Deutsche Bank covered warrants 18/6/2010	40,700,000	5,983	0.08
Utilities 15.28% (31.3.09 - 17.71%)			
Barclays Bank Nuclear Power Notes	108,685,523	32,606	0.44
Centrica	54,834,189	160,993	2.17
Drax	31,529,724	117,732	1.59
International Power	32,694,933	104,199	1.41
National Grid	50,530,371	323,900	4.37
Northumbrian Water	23,614,897	66,830	0.90
Pennon	11,495,062	60,004	0.81
Scottish & Southern Energy	11,146,101	122,607	1.65
Severn Trent	4,330,249	51,703	0.70
United Utilities	16,523,860	92,286	1.24
Financials 6.71% (31.3.09 - 6.52%)			
Insurance 2.42% (31.3.09 - 2.39%)			
Amlin	13,600,476	52,783	0.71
Beazley	27,578,405	29,812	0.40
Catlin	9,247,794	33,218	0.45
Hiscox	11,811,954	39,523	0.53
Omega Insurance	22,752,828	24,346	0.33
Synergy Insurance ¹	9,995	1	0.00
Real Estate 0.27% (31.3.09 - 0.14%)			
Alpha Pyrenees Trust	2,799,801	889	0.01
Raven Russia	28,898,939	14,594	0.20
Raven Russia warrants	21,820,231	4,364	0.06
Financial Services 4.02% (31.3.09 - 3.99%)			
A J Bell	4,201,684	11,555	0.16
Blackrock New Energy Investment Trust	130,884	5	0.00
Burford Capital	9,916,364	10,115	0.14
Carpathian	13,213,857	2,001	0.03
Cenkos Securities	8,544,008	10,424	0.14

Income Fund

Investment report for the period

Portfolio Statement continued

as at 31 March 2010

Investment	Holding or nominal value of positions	Market value £'000	Percentage of total net assets %
Financial Services continued			
Climate Exchange	4,458,642	22,293	0.30
Crystal Amber Fund	7,300,000	7,884	0.11
Ecofin Water & Power Opportunities	21,102,831	30,071	0.41
Ecofin Water & Power Opportunities subscription shares	4,220,565	295	0.00
Eurovestech	37,957,370	5,978	0.08
Helphire	28,594,518	15,084	0.20
Impax Asian Environmental Markets	13,587,420	15,965	0.22
Impax Asian Environmental Markets subscription shares	2,717,484	924	0.01
Invesco English and International Trust ²	400,000	876	0.01
Invesco Leveraged High Yield Fund ²	19,487,916	10,962	0.15
Invesco Perpetual UK Smaller Companies Investment Trust ²	640,000	1,006	0.01
Juridica Investments	13,464,334	15,484	0.21
Leaf Clean Energy	23,600,000	13,688	0.18
Macau Property Opportunities Fund	20,846,878	27,831	0.37
Millfield ¹	9,525,621	0	0.00
Oakley Capital Investments	15,620,263	16,401	0.22
Oakley Capital Investments warrants	5,000,000	25	0.00
Provident Financial	5,309,605	46,034	0.62
Rapid Realisations Fund	11,482,081	7,808	0.11
Speymill Deutsche Immobilien	14,588,469	1,949	0.03
Speymill Macau Property	10,615,744	4,265	0.06
TBDA Investors ¹	1,454,560	1,000	0.01
Trading Emissions	21,290,802	18,097	0.24
Technology 1.52% (31.3.09 - 1.62%)			
Nexxon 'B'	20,175	1,400	0.02
Sage	35,750,921	85,445	1.15
ToLuna	9,962,898	26,202	0.35
Bonds 0.10% (31.3.09 - 0.28%)			
Ecofin Water & Power Opportunities 6% 31/5/2016	5,906,700	6,704	0.09
Ondra LLP Conv loan notes ¹	1,000,000	1,000	0.01
Preference Shares 0.45% (31.3.09 - 0.52%)			
Circassia pref.	19,696	4,269	0.06
Circassia pref. 'B'	21,911	4,749	0.07
Raven Russia pref.	21,790,431	21,409	0.29
Synergy Insurance pref.	2,000,000	2,300	0.03
United States 8.64% (31.3.09 - 8.46%)			
Consumer Goods 8.36% (31.3.09 - 8.27%)			
Personal & Household Goods 8.36% (31.3.09 - 8.27%)			
Altria	14,839,241	201,131	2.71
Reynolds American	11,744,123	418,678	5.65
Health Care 0.09% (31.3.09 - 0.13%)			
ImmunoScience ¹	4,510,627	6,432	0.09
Financials 0.10% (31.3.09 - 0.06%)			
Financial Services 0.10% (31.3.09 - 0.06%)			
Allied Minds ¹	320,352	7,758	0.10
Preference Shares 0.09% (31.3.09 - Nil)			
Evoform pref. 'A'	2,681,383	6,915	0.09

Income Fund

Investment report for the period

Portfolio Statement continued
as at 31 March 2010

Investment	Holding or nominal value of positions	Market value £'000	Percentage of total net assets %
Futures and Derivatives Nil (31.3.09 - (0.05%))			
Forward Foreign Currency Positions Nil (31.3.09 - (0.05%))			
Portfolio of investments (31.3.09 - 100.52%)		7,384,166	99.57
Net other assets/(liabilities) (31.3.09 - (0.52%))		32,076	0.43
Net assets		7,416,242	100.00

Holdings are ordinary or common shares unless otherwise stated.

¹ Unapproved securities within the meaning of the COLL Sourcebook.

² Investments managed or advised by Invesco Asset Management Limited or associates of the Invesco Group.

Income Fund

Investment report for the period

Summary of Material Portfolio Changes

for the period 1 April 2009 to 31 March 2010

	Cost £'000
Total purchases	1,520,325
Largest purchases:	
Switzerland	
Roche Holding Genusscheine	65,067
Novartis (Regd.)	35,381
United Kingdom	
BAE Systems	197,901
AstraZeneca	184,590
GlaxoSmithKline	125,347
Vodafone	85,909
Morrison (Wm.) Supermarkets	81,222
Reckitt Benckiser	57,007
National Grid	47,760
Capita	39,738
Yell	33,483
Cobham	28,534
BT	28,351
Provident Financial	28,234
British American Tobacco	24,027
Centrica	22,344
Tesco	22,277
British American Tobacco - Deutsche Bank equity loan notes 21/3/2014	21,091
VT	18,010
Imperial Tobacco	17,737
	Proceeds £'000
Total sales	866,248
Largest sales:	
France	
EDF	109,068
Switzerland	
Novartis (Regd.)	34,960
Novartis - Deutsche Bank covered warrants 18/6/2010	17,772
United Kingdom	
BP	239,140
Reed Elsevier	86,393
Rexam	39,181
Vodafone	37,203
Rentokil Initial	29,096
VT	24,225
GlaxoSmithKline	21,757
AstraZeneca	21,591
British American Tobacco - Deutsche Bank equity loan notes 09/11/2009	21,070
Rolls-Royce	17,064
Serco	12,212
Wellstream	10,761
Sage	10,556
AMEC	10,030
G4S	8,473
BG	7,807
Bonds	
Tesco 6.125% 24/2/2022	13,551

Income Fund

Financial statements

Statement of Total Return

For the period 1 April 2009 to 31 March 2010

	Notes	£'000	01.4.09 to 31.3.10 £'000	£'000	01.4.08 to 31.3.09 £'000
Income					
Net capital gains/(losses) on investments during the period ¹	2		1,442,421		(1,280,004)
Revenue	3	300,428		257,876	
Expenses ¹	4	(107,888)		(96,990)	
Finance costs: Interest	6	(124)		(930)	
Net revenue before taxation		192,416		159,956	
Taxation	5	(6,149)		(4,686)	
Net revenue after taxation for the period			186,267		155,270
Total return for the period			1,628,688		(1,124,734)
Finance costs: Distributions	6		(282,491)		(239,645)
Change in net assets attributable to shareholders			1,346,197		(1,364,379)

Statement of Change in Shareholders' Net Assets

For the period 1 April 2009 to 31 March 2010

	£'000	01.4.09 to 31.3.10 £'000	£'000	01.4.08 to 31.3.09 £'000
Opening net assets attributable to shareholders		5,259,689		5,970,603
Movement due to sales and repurchases of shares				
Amounts received on issue of shares	922,121		769,753	
Less: Amounts paid on cancellation of shares	(281,294)		(259,965)	
		640,827		509,788
Stamp Duty Reserve Tax		(3,878)		(3,261)
Change in net assets attributable to shareholders		1,346,197		(1,364,379)
Income accumulations		173,401		146,918
Unclaimed distribution monies		6		20
Closing net assets attributable to shareholders		7,416,242		5,259,689

¹ The adoption of the SORP issued in November 2008 has resulted in presentation changes to the Statement of Total Return, whereby, Other gains/(losses) and security charges are now classified as net capital gains/(losses) on investments during the period. The effect of this is to remove £6,064,000 (2009 - £452,000) from "Other gains/(losses)" and reduce "Expenses" by £9,000 (2009 - £8,000), with a corresponding change in "Net capital gains/(losses) on investments during the period".

Income Fund

Financial statements

Balance Sheet as at 31 March 2010			31.3.10 £'000	31.3.09 £'000
	Notes	£'000		
Assets				
Investment assets		7,384,166		5,364,911
Debtors	7	58,181		52,722
Cash and bank balances	8	48,932		16,006
Total other assets		107,113		68,728
Total assets		7,491,279		5,433,639
Liabilities				
Investment liabilities		-		78,092
Creditors	9	19,370		51,881
Distribution payable on income shares		55,667		43,977
Total other liabilities		75,037		95,858
Total liabilities		75,037		173,950
Net assets attributable to shareholders		7,416,242		5,259,689

Income Fund

Notes to the financial statements

1 Accounting policies

The fund's financial statements have been prepared on the same basis as the Company's financial statements.

2 Net capital gains/(losses) on investments	01.4.09 to 31.3.10 £'000	01.4.08 to 31.3.09 £'000
Non-derivative securities	1,440,454	(1,253,396)
Derivative securities	-	7,754
Forward currency contracts	8,040	(33,902)
Other currency	(6,064)	(452)
Security charges	(9)	(8)
Net capital gains/(losses) on investments	1,442,421	(1,280,004)

3 Revenue	01.4.09 to 31.3.10 £'000	01.4.08 to 31.3.09 £'000
UK dividends	234,624	211,054
Overseas dividends	52,335	40,138
Scrip dividends	5,549	2,158
Bond interest	7,107	3,285
Underwriting commission	803	523
Interest on balances held at futures clearing houses and brokers	10	50
Bank interest	-	668
	300,428	257,876

4 Expenses	01.4.09 to 31.3.10 £'000	01.4.08 to 31.3.09 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	96,252	86,297
Registration fees	11,201	10,103
Accounts printing and postage	32	43
	107,485	96,443
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	325	352
Safe custody fees	-	182
	325	534
Other expenses:		
Audit fee	6	7
FT listing fees	5	6
Safe custody fees	67	-
	78	13
Total expenses	107,888	96,990

Income Fund

Notes to the financial statements

5 Taxation

a) Analysis of charge for the period

	01.4.09 to 31.3.10 £'000	01.4.08 to 31.3.09 £'000
Overseas tax	6,149	4,686
Current and total tax charge for the period	6,149	4,686

There is no corporation tax charge for the period (2009 - Nil).

b) Factors affecting the tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK for an authorised investment company with variable capital. The differences are explained below:

	01.4.09 to 31.3.10 £'000	01.1.08 to 31.3.09 £'000
Net revenue before taxation	192,416	159,956
Corporation tax at 20% (2009 - 20%)	38,483	31,991
Effects of:		
Revenue not subject to tax	(57,473)	(42,643)
Movement in income accruals taxable on receipt	1,822	(831)
Movement in excess expenses	17,214	12,420
Higher tax rates on overseas earnings	6,103	3,749
Current tax charge for the period	6,149	4,686

Authorised investment companies with variable capital are exempt from tax on capital gains. Therefore any capital return is not included in the above reconciliation.

c) Deferred tax asset

At the period end, there is a potential deferred tax asset of £74,689,000 (2009 - £55,653,000) in relation to surplus management expenses. It is unlikely the fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the period or prior period.

6 Finance costs

	01.4.09 to 31.3.10 £'000	01.4.08 to 31.3.09 £'000
Distributions and interest		
Accumulations and distributions paid 30 November 2009	152,453	134,430
Accumulations and distributions payable 31 May 2010	136,809	110,029
	289,262	244,459
Add: Amounts paid on cancellation of shares	2,962	2,885
Less: Amounts received on issue of shares	(9,733)	(7,699)
	282,491	239,645
Interest	124	930
Total finance costs	282,615	240,575
The distributable amount has been calculated as follows:		
Net revenue after taxation	186,267	155,270
ACD's periodic charge taken to capital	96,252	86,297
Tax relief on ACD's periodic charge taken to capital	(28)	(1,922)
	282,491	239,645

Income Fund

Notes to the financial statements

7 Debtors	31.3.10 £'000	31.3.09 £'000
Amounts receivable for issue of shares	20,875	24,533
Accrued income	37,304	28,187
Prepaid expenses	2	2
	58,181	52,722

8 Cash and bank balances	31.3.10 £'000	31.3.09 £'000
Cash and bank balances	48,932	16,006

9 Creditors	31.3.10 £'000	31.3.09 £'000
Amounts payable for cancellation of shares	4,437	2,812
Purchases awaiting settlement	4,297	41,645
Foreign currency contracts awaiting settlement (net)	3	-
Accrued expenses	10,633	7,410
Interest payable	-	14
	19,370	51,881

10 Commitments and contingent liabilities	31.3.10 £'000	31.3.09 £'000
Potential calls on warrants, if exercised	319,304	72,949
	319,304	72,949

11 Related Parties

Related party interests in the fund are disclosed in note 13 of the Company's financial statements on page 10. Amounts payable to Invesco Fund Managers Limited in respect of administration and registration services are disclosed in note 4. Amounts due at the end of the accounting period for administration services £9,462,000 (2009 - £6,569,000) and registration services £1,119,000 (2009 - £761,000) are disclosed in note 9 within accrued expenses.

Income Fund

Notes to the financial statements

12 Derivatives and other financial instruments

The fund's performance may be adversely affected by variations in the relative strength of world currencies or if sterling strengthens against those currencies.

The risk factors relating to the fund are discussed more fully in note 15 on pages 11 to 13 of the Company's financial statements.

Numerical disclosures relating to the fund are as follows:

Currency exposure		Net foreign currency assets	
Currency	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000
31.3.10			
Euro	-	10,956	10,956
Swiss franc	-	74,328	74,328
US dollar	8,824	645,179	654,003
	8,824	730,463	739,287
Sterling	23,252	6,653,703	6,676,955
	32,076	7,384,166	7,416,242
31.3.09			
Euro	(4,084)	7,396	3,312
US dollar	8,286	447,305	455,591
	4,202	454,701	458,903
Sterling	(31,332)	4,832,118	4,800,786
	(27,130)	5,286,819	5,259,689

Interest rate risk profile of financial assets				
Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
31.3.10				
Euro	-	-	10,956	10,956
Swiss franc	-	-	74,328	74,328
US dollar	-	-	654,003	654,003
Sterling	48,932	6,704	6,696,356	6,751,992
	48,932	6,704	7,435,643	7,491,279
31.3.09				
Euro	-	-	85,489	85,489
US dollar	-	-	455,591	455,591
Sterling	16,006	14,660	4,861,893	4,892,559
	16,006	14,660	5,402,973	5,433,639

Interest rate risk profile of financial liabilities			
Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
31.3.10			
Sterling	-	75,037	75,037
	-	75,037	75,037
31.3.09			
Euro	-	82,177	82,177
Sterling	-	91,773	91,773
	-	173,950	173,950

Income Fund

Notes to the financial statements

12 Derivatives and other financial instruments continued

Interest rate risk profile of fixed rate financial assets

	Weighted average interest rate %	Weighted average period for which rate is fixed years
31.03.10		
Sterling	3.5	6.2
31.03.09		
Sterling	6.0	12.2

Interest rate risk profile of floating rate financial assets and liabilities

	Market value £'000	Weighted average interest rate %	Weighted average period for which rate is fixed years
31.3.10			
Cash and bank balances	48,932	0.1	n/a
31.3.09			
Cash and bank balances	16,006	0.1	n/a

Interest rates on bank balances and overdrafts are linked to LIBOR, EONIA or other local interest rates as appropriate to the currency.

Economic exposure and sensitivity analysis

As the fund's portfolio includes assets priced in euros and US dollars, the value of these investments will be subject to variations in the euro and US dollar exchange rates against sterling.

At 31 March 2010, foreign currency exposure represented approximately 9.9% of the fund (31.3.09 - 8.7%).

Sensitivity analysis

No derivatives have been held which could impact the fund significantly.

13 Portfolio transaction costs

	£'000	01.4.09 to 31.3.10 £'000	£'000	01.4.08 to 31.3.09 £'000
Analysis of total purchase costs				
Purchases before transaction costs		1,512,446		2,233,532
Commissions	2,461		2,895	
Taxes	5,418		6,636	
Total purchase costs		7,879		9,531
Gross purchases total		1,520,325		2,243,063
Analysis of total sale costs				
Gross sales before transaction costs		867,631		1,737,526
Commissions	(1,383)		(1,619)	
Total sale costs		(1,383)		(1,619)
Total sales net of transaction costs		866,248		1,735,907

Income Fund

Distribution tables

Distribution tables

for the period 1 April 2009 to 31 March 2010

	Net income p	Equalisation p	Net distribution paid 30.11.09 p	Net distribution paid 30.11.08 p
Distribution paid 30 November 2009				
Accumulation shares				
Group 1	35.9820	-	35.9820	35.8838
Group 2	15.4288	20.5532	35.9820	35.8838
Accumulation shares (No Trail)				
Group 1	1.9119	-	1.9119	1.8978
Group 2	0.4621	1.4498	1.9119	1.8978
Income shares				
Group 1	25.4005	-	25.4005	26.5039
Group 2	12.2290	13.1715	25.4005	26.5039
Income shares (No Trail)				
Group 1	1.7762	-	1.7762	1.8441
Group 2	0.5183	1.2579	1.7762	1.8441

Group 1 shares: purchased prior to 1 April 2009

Group 2 shares: purchased on or after 1 April 2009

	Net income p	Equalisation p	Net distribution payable 31.5.10 p	Net distribution paid 31.5.09 p
Distribution payable 31 May 2010				
Accumulation shares				
Group 1	31.3033	-	31.3033	27.4149
Group 2	17.7315	13.5718	31.3033	27.4149
Accumulation shares (No Trail)				
Group 1	1.6823	-	1.6823	1.4548
Group 2	0.6867	0.9956	1.6823	1.4548
Income shares				
Group 1	21.5958	-	21.5958	19.7674
Group 2	13.2312	8.3646	21.5958	19.7674
Income shares (No Trail)				
Group 1	1.5275	-	1.5275	1.3800
Group 2	0.7273	0.8002	1.5275	1.3800

Group 1 shares: purchased prior to 1 October 2009

Group 2 shares: purchased on or after 1 October 2009

Equalisation applies only to shares purchased during the distribution period (Group 2). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax. Instead, it must be deducted from the cost of income shares for capital gains purposes.

UK Enhanced Index Fund

Investment report for the period

The Investment Objective of the UK Enhanced Index Fund

The fund aims to achieve long term capital growth from investment primarily through a portfolio of investments in UK companies. In pursuing this objective, the fund managers may include other investments that they consider appropriate which include transferable securities, money market instruments, warrants, collective investment schemes, deposits and other permitted investments and transactions as detailed in Appendix 2 of the most recent Full Prospectus.

Share Prices	01.4.10 p	01.4.09 p
Accumulation shares (No Trail)	257.74	169.90
Income shares (No Trail) (xd)	191.91	130.94

Performance

To 31 March 2010

	Since 30.9.09 %	Percentage growth Since 31.3.09 %	Percentage growth Since 31.3.05 %
UK Enhanced Index Fund (accumulation shares (No Trail))	12.10	52.43	36.70
FTSE All-Share (ex. Investment Trusts) Index	12.22	52.29	41.01
FTSE All-Share Index	12.24	52.30	41.29
IMA UK All Companies Sector	9.46	50.94	30.32
Fund Ranking	37/308	118/303	92/235

Standardised rolling 12 month performance

	31.3.05 31.3.06 %	31.3.06 31.3.07 %	31.3.07 31.3.08 %	Percentage growth 31.3.08 31.3.09 %	Percentage growth 31.3.09 31.3.10 %
UK Enhanced Index Fund (accumulation shares (No Trail))	29.7	9.8	-10.2	-29.9	52.4

This standardised past performance information is updated on a quarterly basis. Should you require up to date past performance information, this is available on our website www.invescopetperpetual.co.uk or by contacting us.

Fund and sector average performance data source: Lipper, mid-to-mid (excluding the initial sales charge), in sterling, with net income reinvested. FTSE All-Share Index data source: Thomson Datastream, total return, in sterling terms.

The value of investments and any income from them will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

Past performance is not a guide to future returns. Current tax levels and reliefs may change. Depending on individual circumstances, this may affect investment returns.

UK Enhanced Index Fund

Investment report for the period

Strategy, review and outlook

The value of shares in the fund rose by 52.4% during the 12 months to the end of March 2010 compared to a 52.3% gain in the FTSE All-Share (ex. Investment Trusts) index. This placed the fund in the second quartile of its peer group, the IMA UK All Companies sector, which increased by an average of 50.9%.

Fund and sector average performance data source: Lipper, mid-to-mid (excluding the initial sales charge), sterling, with net income reinvested. FTSE All-Share (ex. Investment Trusts) index data source: Thomson Datastream, total return, in sterling.

Past performance is not a guide to future returns.

The UK equity market made exceptionally strong progress in the year to the end of March 2010 as world economies began to emerge from the global recession. March 2009 saw the beginning of a sustained and powerful rally in almost all asset classes, driven by a combination of historically low interest rates, unprecedented fiscal support and the stabilisation of the Western banking sector. Investors' willingness to accept risk rebounded quickly as global conditions began to improve and with valuations having hit depressed levels. The recovery in the UK stock market has seen a clear divergence develop, with those companies most geared to the economic cycle leading the rally, while quality growth businesses have been largely left behind.

The fund's performance is generated through a quantitative bottom-up investment process driven by stock selection and based on four concepts: Earnings Momentum, Price Trend, Management Action and Relative Value. Relative risk is controlled with the help of an optimiser, an analysis tool that recommends trades to maximise portfolio exposure to the selected stocks within pre-determined risk/return parameters. In terms of portfolio construction, we tightly constrain the risk taken in sectors and industries.

Our stock selection model evaluates the attractiveness of stocks based on these four concepts. With the calculation of information coefficients we determine the correlation between our return forecasts and the actual returns the stocks achieved over the previous month. The results, for each concept separately as well as for all concepts combined, give information about the predictive ability of our model.

In terms of stock performance BBA Aviation, Old Mutual and Mondi did well for the fund. An overweight position in BHP Billiton also proved beneficial. Detracting from relative performance were Rio Tinto, GlaxoSmithKline and Royal Bank of Scotland.

Over the course of the year we made a number of stock adjustments to the fund. New names added included Shire and Whitbread. We also increased our exposure to HSBC, Xstrata and BHP Billiton. Our diversified and disciplined approach to stock selection favours companies that, in our view, are attractively valued, have good earnings and price momentum and have management acting in the interest of shareholders. We believe that we can add value through the systematic application of fundamental and behavioural insights. Disciplined portfolio construction and cost effective trading are integral to our investment process, which we believe should help us preserve value added from stock selection and reduce the probability of significant underperformance. We sold our positions in Scottish & Southern Energy, Prudential and De La Rue.

Michael Fraikin and Alexander Uhlmann, Fund Managers

Where Michael Fraikin and Alexander Uhlmann have expressed views and opinions, these may change and are not necessarily representative of Invesco Perpetual views.

The fund's ten largest investments were	%
Royal Dutch Shell	8.20
BP	7.73
HSBC	6.70
Vodafone	4.45
GlaxoSmithKline	4.39
BHP Billiton	4.39
British American Tobacco	3.51
Anglo American	2.77
Standard Chartered	2.58
Xstrata	2.36

UK Enhanced Index Fund

Investment report for the period

Comparative table

Total net assets of fund	31.3.10 £'000	31.3.09 £'000	31.3.08 £'000	31.3.07 £'000
Total net assets	142,600	103,858	93,396	80,856
Net asset value	31.3.10	31.3.09	31.3.08	31.3.07
Accumulation shares (No Trail)				
Assets attributable (£'000)	142,570	103,835	92,938	79,788
Shares in issue	55,567,618	61,209,299	38,968,099	29,824,699
Net asset value (pence per share)	256.57	169.64	238.50	267.52
Income shares (No Trail)				
Assets attributable (£'000)	30	23	458	1,068
Shares in issue	15,938	17,689	238,689	478,989
Net asset value (pence per share)	191.11	130.56	192.05	223.09

Price and income record by share class

Calendar year	Highest share price p	Lowest share price p	Net income per share p
Accumulation shares (No Trail)			
2005	224.22	182.35	6.0084
2006	263.42	223.22	7.7015
2007	284.71	249.36	8.8468
2008	268.45	160.61	8.8674
2009	241.95	152.07	7.7879
2010 ¹	258.48	226.33	3.6777
Income shares (No Trail)			
2005	196.09	162.49	5.3727
2006	223.24	194.29	6.6826
2007	237.43	207.95	7.4352
2008	220.22	126.59	7.2017
2009	182.84	119.87	6.0563
2010 ¹	195.33	171.04	2.7793

¹ to 31 March

Accumulation shares and income shares were redesignated accumulation shares (No Trail) and income shares (No Trail) respectively, on 31 May 2007.

UK Enhanced Index Fund

Investment report for the period

Total expense ratio (TER)	01.4.09 to 31.3.10	01.4.08 to 31.3.09
Total expenses as % of average net assets		
Accumulation shares (No Trail) and income shares (No Trail)	0.39%	0.40%
Total expenses per note 4 (£'000)	501	391
Average net assets for the period (£'000)	127,782	97,896

The total expense ratio (TER) represents the annual operating expenses of the fund expressed as a percentage of average net assets for the period - it does not include initial charges or transaction expenses. The TER includes the annual management charge and also the following charges which are deducted directly from the Fund: Registration Fee, Depositary Fee, Custody Fee, Audit Fee, FSA Fee, Price Publication Fee and Report production, less : VAT recoverable where applicable. The TER is expressed as an annual percentage rate.

Portfolio turnover rate (PTR)	01.4.09 to 31.3.10	01.4.08 to 31.3.09
Total purchases (£'000)	47,714	63,957
Total sales (£'000)	52,172	18,531
Portfolio turnover rate as % of average net assets	50.53%	36.02%

Portfolio Turnover Rate (PTR) gives an indication of how frequently investments within the funds are purchased and sold. The PTR is calculated by taking (a) the sum of investments purchased and sold, less (b) the sum of the fund's share capital issued and cancelled, and is expressed as a percentage of the average net asset value.

UK Enhanced Index Fund

Investment report for the period

Portfolio Statement

as at 31 March 2010

Investment

Oil & Gas 18.41% (31.3.09 - 21.04%)

	Holding or nominal value of positions	Market value £'000	Percentage of total net assets %
BG	175,473	2,000	1.40
BP	1,767,669	11,018	7.73
JKX Oil & Gas	30,822	87	0.06
Petrofac	121,265	1,458	1.02
Royal Dutch Shell 'A'	376,907	7,191	5.05
Royal Dutch Shell 'B'	247,488	4,492	3.15

Basic Materials 13.45% (31.3.09 - 8.35%)

Chemicals Nil (31.3.09 - 0.07%)

Basic Resources 13.45% (31.3.09 - 8.28%)

Anglo American	137,337	3,945	2.77
Antofagasta	121,213	1,259	0.88
BHP Billiton (London listing)	276,763	6,255	4.39
Eurasian Natural	19,027	226	0.16
Mondi	170,312	790	0.55
Rio Tinto	76,131	2,973	2.09
Vedanta Resources	12,960	360	0.25
Xstrata	269,896	3,370	2.36

Industrials 7.03% (31.3.09 - 6.84%)

Construction & Materials 0.36% (31.3.09 - 0.62%)

Keller	44,721	302	0.21
Kier	19,583	214	0.15

Industrial Goods & Services 6.67% (31.3.09 - 6.22%)

Atkins (WS)	95,595	592	0.41
BAE Systems	265,700	986	0.69
BBA Aviation	249,512	486	0.34
Davis Service	26,220	111	0.08
Experian	241,421	1,564	1.10
Filtrona	112,443	245	0.17
Hays	312,364	339	0.24
Interserve	31,344	68	0.05
Michael Page International	289,440	1,156	0.81
MITIE	39,765	91	0.06
Premier Farnell	43,530	98	0.07
Regus	390,159	435	0.31
Rentokil Initial	1,079,863	1,407	0.99
Rolls-Royce	68,152	406	0.28
Rotork	12,612	177	0.12
Smiths	59,495	675	0.47
Smith(DS)	326,126	440	0.31
Tomkins	52,956	125	0.09
VT	14,912	112	0.08

Consumer Goods 11.92% (31.3.09 - 12.62%)

Food & Beverage 5.14% (31.3.09 - 5.35%)

Britvic	155,252	720	0.50
Diageo	253,575	2,802	1.97
SABMiller	41,002	792	0.56
Unilever	155,539	3,010	2.11

Personal & Household Goods 6.78% (31.3.09 - 7.27%)

Berkeley	70,490	573	0.40
British American Tobacco	220,715	5,012	3.51
Burberry	93,442	667	0.47
Imperial Tobacco	38,116	766	0.54
McBride	160,916	367	0.26
Persimmon	41,176	191	0.13
Reckitt Benckiser	58,042	2,099	1.47

UK Enhanced Index Fund

Investment report for the period

Portfolio Statement continued as at 31 March 2010

Investment

Health Care 7.58% (31.3.09 - 10.14%)

	Holding or nominal value of positions	Market value £'000	Percentage of total net assets %
AstraZeneca	87,991	2,584	1.81
GlaxoSmithKline	494,873	6,258	4.39
Shire	135,628	1,971	1.38

Consumer Services 10.03% (31.3.09 - 9.82%)

Retail 3.77% (31.3.09 - 4.72%)

Greggs	81,270	395	0.28
Halfords	208,349	983	0.69
Morrison (Wm.) Supermarkets	91,188	267	0.19
Next	115,804	2,505	1.76
Tesco	184,708	804	0.56
WH Smith	86,651	421	0.29

Media 1.83% (31.3.09 - 2.50%)

Pearson	186,614	1,930	1.35
Trinity Mirror	459,671	683	0.48

Travel & Leisure 4.43% (31.3.09 - 2.60%)

Compass	255,586	1,343	0.94
Go-Ahead	63,169	885	0.62
Intercontinental Hotels	42,955	443	0.31
Rank	124,020	146	0.10
Stagecoach	893,998	1,638	1.15
The Restaurant Group	107,155	250	0.18
Wembley ¹	270	0	0.00
Whitbread	109,738	1,615	1.13

Telecommunications 5.70% (31.3.09 - 7.16%)

BT	1,252,133	1,552	1.09
Colt Telecom	174,872	222	0.16
Vanco ¹	11,390	0	0.00
Vodafone	4,178,324	6,351	4.45

Utilities 2.46% (31.3.09 - 4.00%)

Centrica	243,590	715	0.50
Drax	116,898	436	0.31
International Power	55,193	176	0.12
National Grid	341,017	2,186	1.53

Financials 19.67% (31.3.09 - 12.87%)

Banks 12.55% (31.3.09 - 7.73%)

Barclays	853,228	3,074	2.15
HSBC (UK Regd.)	1,429,395	9,548	6.70
Lloyds Banking	2,432,234	1,527	1.07
Royal Bank of Scotland	176,921	78	0.05
Standard Chartered	204,394	3,674	2.58

Insurance 3.18% (31.3.09 - 3.21%)

Admiral	29,030	383	0.27
Amlin	70,722	274	0.19
Aviva	199,777	769	0.54
Beazley	354,750	383	0.27
Catlin	186,154	669	0.47
Legal & General	637,105	561	0.39
Old Mutual	1,218,979	1,488	1.05

Real Estate 1.27% (31.3.09 - 0.56%)

British Land	108,854	524	0.37
Derwent London	6,700	92	0.06
Hammerson	43,909	172	0.12
Land Securities	55,740	378	0.27
Liberty International	24,471	123	0.09
Savills	107,908	375	0.26
Segro	44,564	142	0.10

UK Enhanced Index Fund

Investment report for the period

Portfolio Statement continued

as at 31 March 2010

Investment

Financials continued

Financial Services 2.67% (31.3.09 - 1.37%)

	Holding or nominal value of positions	Market value £'000	Percentage of total net assets %
Ashmore	161,514	426	0.30
Close Brothers	87,780	680	0.48
IG	163,613	658	0.46
International Personal Finance	71,116	171	0.12
Investec	137,907	742	0.52
London Stock Exchange	13,619	97	0.07
Paragon Group of Companies	362,284	491	0.34
Provident Financial	28,622	248	0.17
Schroders	21,101	296	0.21

Technology 1.57% (31.3.09 - 0.77%)

ARM	157,760	376	0.26
AVEVA	34,653	409	0.29
Computacenter	133,977	409	0.29
Intec Telecom Systems	136,619	79	0.05
Invensys	103,981	354	0.25
Micro Focus International	39,436	198	0.14
Sage	22,972	55	0.04
Spirent Communications	286,181	353	0.25

Floating Rate Bonds 0.01% (31.3.09 - 0.01%)

Honeywell International FRN 31/12/2010	12,284	12	0.01
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Futures and Derivatives 0.01% (31.3.09 - 0.05%)

Futures 0.01% (31.3.09 - 0.05%)

FTSE 100 Index Futures Contracts 18/6/2010	40	15	0.01
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Portfolio of investments (31.3.09 - 93.67%)

	139,514	97.84
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Net other assets (31.3.09 - 6.33%)

	3,086	2.16
--	-------	------

Net assets

	142,600	100.00
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Holdings are ordinary shares unless otherwise stated.

¹ Unapproved securities within the meaning of the COLL Sourcebook.

UK Enhanced Index Fund

Investment report for the period

Summary of Material Portfolio Changes

for the period 1 April 2009 to 31 March 2010

	Cost £'000
Total purchases	47,714
Largest purchases:	
HSBC Holdings (UK Regd.)	3,595
BP	2,826
Royal Dutch Shell 'A'	2,068
Shire	1,954
BHP Billiton (London listing)	1,879
Lloyds Banking	1,569
Whitbread	1,510
Next	1,432
Trinity Mirror	1,292
Xstrata	1,258
Barclays	1,061
Michael Page International	1,056
Stagecoach	1,028
Standard Chartered	1,020
Petrofac	857
United Utilities	834
Rentokil Initial	819
Cadbury	747
Tullett Prebon	741
Royal Dutch Shell 'B'	695

	Proceeds £'000
Total sales	52,172
Largest sales:	
BP	2,855
HSBC Holdings (UK Regd.)	2,433
BG	2,235
AstraZeneca	2,040
Vodafone	1,819
GlaxoSmithKline	1,785
Tesco	1,500
Royal Dutch Shell 'A'	1,470
Barclays	1,207
Prudential	1,124
Royal Dutch Shell 'B'	989
Lloyds Banking	988
BHP Billiton (London listing)	984
Cadbury	975
British American Tobacco	967
United Utilities	916
Aquarius Platinum	906
Rio Tinto	900
Melrose	780
Aggreko	757

UK Enhanced Index Fund

Financial statements

Statement of Total Return

For the period 1 April 2009 to 31 March 2010

	Notes	£'000	01.4.09 to 31.3.10 £'000	£'000	01.4.08 to 31.3.09 £'000
Income					
Net capital gains/(losses) on investments during the period ¹	2		47,170		(36,041)
Revenue	3	5,192		4,395	
Expenses ¹	4	(501)		(391)	
Finance costs: Interest	6	-		-	
Net revenue before taxation		4,691		4,004	
Taxation	5	(50)		(48)	
Net revenue after taxation for the period			4,641		3,956
Total return for the period			51,811		(32,085)
Finance costs: Distributions	6		(4,641)		(3,956)
Change in net assets attributable to shareholders			47,170		(36,041)

Statement of Change in Shareholders' Net Assets

For the period 1 April 2009 to 31 March 2010

	£'000	01.4.09 to 31.3.10 £'000	£'000	01.4.08 to 31.3.09 £'000
Opening net assets attributable to shareholders		103,858		93,396
Movement due to sales and repurchases of shares				
Amounts received on issue of shares	11,233		44,700	
Less: Amounts paid on cancellation of shares	(24,084)		(2,521)	
		(12,851)		42,179
Stamp Duty Reserve Tax		(40)		(29)
Change in net assets attributable to shareholders		47,170		(36,041)
Income accumulations		4,451		4,353
Unclaimed distribution monies		12		-
Closing net assets attributable to shareholders		142,600		103,858

¹ The adoption of the SORP issued in November 2008 has resulted in presentation changes to the Statement of Total Return, whereby, Other gains/(losses) and security charges are now classified as net capital gains/(losses) on investments during the period. The effect of this is to remove £Nil (2009 - £1,000) from "Other gains/(losses)" and reduce "Expenses" by £4,000 (2009 - £2,000), with a corresponding change in "Net capital gains/(losses) on investments during the period".

UK Enhanced Index Fund

Financial statements

Balance Sheet as at 31 March 2010			31.3.10 £'000	31.3.09 £'000
	Notes	£'000	£'000	£'000
Assets				
Investment assets			139,514	97,286
Debtors	7	771		1,957
Cash and bank balances	8	2,988		4,658
Total other assets			3,759	6,615
Total assets			143,273	103,901
Liabilities				
Creditors	9	672		42
Distribution payable on income shares		1		1
Total other liabilities			673	43
Net assets attributable to shareholders			142,600	103,858

UK Enhanced Index Fund

Notes to the financial statements

1 Accounting policies

The fund's financial statements have been prepared on the same basis as the Company's financial statements.

2 Net capital gains/(losses) on investments	01.4.09 to 31.3.10 £'000	01.4.08 to 31.3.09 £'000
Non-derivative securities	46,721	(36,149)
Derivative securities	453	109
Other currency	-	1
Security charges	(4)	(2)
Net capital gains/(losses) on investments	47,170	(36,041)

3 Revenue	01.4.09 to 31.3.10 £'000	01.4.08 to 31.3.09 £'000
UK dividends	4,737	3,914
Overseas dividends	451	355
Scrip dividends	-	1
Bond interest	-	1
Securities lending income	-	10
Interest on balances held at futures clearing houses and brokers	1	7
Bank interest	3	107
	5,192	4,395

4 Expenses	01.4.09 to 31.3.10 £'000	01.4.08 to 31.3.09 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	255	196
Registration fees	222	171
	477	367
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	13	10
Safe custody fees	-	3
	13	13
Other expenses:		
Audit fee	8	9
FT listing fees	2	2
Safe custody fees	1	-
	11	11
Total expenses	501	391

UK Enhanced Index Fund

Notes to the financial statements

5 Taxation

a) Analysis of charge for the period

	01.4.09 to 31.3.10 £'000	01.4.08 to 31.3.09 £'000
Overseas tax	54	48
Overseas tax recoverable	(1)	-
Income tax recoverable	(3)	-
Current and total tax charge for the period	50	48

There is no corporation tax charge for the period (2009 - Nil).

b) Factors affecting the tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK for an authorised investment company with variable capital. The differences are explained below:

	01.4.09 to 31.3.10 £'000	01.1.08 to 31.3.09 £'000
Net revenue before taxation	4,691	4,004
Corporation tax at 20% (2009 - 20%)	938	801
Effects of:		
Revenue not subject to tax	(1,005)	(779)
Income tax recoverable	(3)	-
Overseas tax recoverable	(1)	-
Movement in income accruals taxable on receipt	3	(3)
Movement in excess expenses	66	(10)
Higher tax rates on overseas earnings	52	39
Current tax charge for the period	50	48

Authorised investment companies with variable capital are exempt from tax on capital gains. Therefore any capital return is not included in the above reconciliation.

c) Deferred tax asset

At the period end, there is a potential deferred tax asset of £128,000 (2009 - £59,000) in relation to surplus management expenses. It is unlikely the funds will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the period or prior period.

6 Finance costs

	01.4.09 to 31.3.10 £'000	01.4.08 to 31.3.09 £'000
Distributions and interest		
Accumulation and distribution paid 30 November 2009	2,409	2,127
Accumulation and distribution payable 31 May 2010	2,044	2,232
	4,453	4,359
Add: Amounts paid on cancellation of shares	279	14
Less: Amounts received on issue of shares	(91)	(417)
	4,641	3,956
Interest	0	0
Total finance costs	4,641	3,956
The distributable amount has been calculated as follows:		
Net revenue after taxation	4,641	3,956

UK Enhanced Index Fund

Notes to the financial statements

7 Debtors	31.3.10 £'000	31.3.09 £'000
Amounts receivable for issue of shares	72	1,306
Accrued income	695	650
Income tax recoverable	3	-
Prepaid expenses	1	1
	771	1,957

8 Cash and bank balances	31.3.10 £'000	31.3.09 £'000
Amounts held at futures clearing houses and brokers	86	816
Cash and bank balances	2,902	3,842
	2,988	4,658

9 Creditors	31.3.10 £'000	31.3.09 £'000
Amounts payable for cancellation of shares	618	-
Accrued expenses	54	41
Due to depositary	-	1
	672	42

10 Securities lending	01.4.09 to 31.3.10 £'000	01.4.08 to 31.3.09 £'000
Revenue (see note 3) is made up as follows:		
Gross revenue from securities lending	-	12
Fees and expenses thereon	-	(2)
	-	10

11 Commitments and contingent liabilities	31.3.10 £'000	31.3.09 £'000
Calls payable on open offer shares	-	227
Calls payable on nil paid shares	-	58
	-	285

12 Related Parties

Related party interests in the fund are disclosed in note 13 of the Company's financial statements on page 10. Amounts payable to Invesco Fund Managers Limited in respect of administration and registration services are disclosed in note 4. Amounts due at the end of the accounting period for administration services £24,000 (2009 - £16,000) and registration services £21,000 (2009 - £14,000) are disclosed in note 9 within accrued expenses.

UK Enhanced Index Fund

Notes to the financial statements

13 Derivatives and other financial instruments

The fund's performance may be adversely affected by variations in the relative strength of world currencies or if sterling strengthens against those currencies.

The risk factors relating to the fund are discussed more fully in note 15 on pages 11 to 13 of the Company's financial statements.

Numerical disclosures relating to the fund are as follows:

Currency exposure		Net foreign currency assets		
Currency	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000	
31.3.10				
US dollar	61	-	61	
Sterling	3,025	139,514	142,539	
	3,086	139,514	142,600	
31.3.09				
US dollar	45	-	45	
	45	-	45	
Sterling	6,527	97,286	103,813	
	6,572	97,286	103,858	

Interest rate risk profile of financial assets

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
31.3.10				
US dollar	-	-	61	61
Sterling	3,000	-	140,212	143,212
	3,000	-	140,273	143,273
31.3.09				
US dollar	-	-	45	45
Sterling	4,670	-	99,186	103,856
	4,670	-	99,231	103,901

Interest rate risk profile of financial liabilities

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
31.3.10			
Sterling	-	673	673
	-	673	673
31.3.09			
Sterling	-	43	43
	-	43	43

UK Enhanced Index Fund

Notes to the financial statements

12 Derivatives and other financial instruments continued

Interest rate risk profile of fixed rate financial assets

The fund held no fixed rate financial assets as at 31 March 2010 (31.3.09 - Nil).

Interest rate risk profile of floating rate financial assets and liabilities

	Market value £'000	Weighted average interest rate %	Weighted average period for which rate is fixed years
31.3.10			
Amounts held at future clearing houses and brokers	86	0.0	n/a
Cash and bank balances	2,902	0.1	n/a
Floating rate notes	12	3.4	0.2
31.3.09			
Amounts held at future clearing houses and brokers	816	0.0	n/a
Cash and bank balances	3,842	0.1	n/a
Floating rate notes	12	5.7	0.2

Interest rates on bank balances and overdrafts are linked to LIBOR, EONIA or other local interest rates as appropriate to the currency.

Economic exposure and sensitivity analysis

The ACD utilises futures to maintain equity exposure when cash inflows occur between portfolio rebalancings. When a rebalancing takes place, the ACD would normally close the contract and invest the equivalent amount in the underlying securities.

Sensitivity analysis

The table below shows the fund's exposure to the UK stock market as shown in the portfolio statement on pages 35 to 37. It also shows how the fund's value would be affected by a rise or fall of 10% in the UK stockmarket.

	Adjusted portfolio valuation		Change in fund value by market change of	
	£'000	%	+ 10%	- 10%
As at 31.3.10				
United Kingdom equities	139,502	97.83	+ 9.9	- 9.9
United Kingdom bonds	12	0.01	-	-
Net other assets	3,086	2.16	-	-
	142,600	100.00	+ 9.9	- 9.9
As at 31.3.09				
United Kingdom equities	97,274	93.66	+ 9.9	- 9.9
United Kingdom bonds	12	0.01	-	-
Net other assets	6,572	6.33	-	-
	103,858	100.00	+ 9.9	- 9.9

13 Portfolio transaction costs

	£'000	01.4.09 to 31.3.10 £'000	£'000	01.4.08 to 31.3.09 £'000
Analysis of total purchase costs				
Purchases before transaction costs		47,489		63,632
Commissions	9		14	
Taxes	216		311	
Total purchase costs		225		325
Gross purchases total		47,714		63,957
Analysis of total sale costs				
Gross sales before transaction costs		52,183		18,535
Commissions	(11)		(4)	
Total sale costs		(11)		(4)
Total sales net of transaction costs		52,172		18,531

UK Enhanced Index Fund

Distribution tables

Distribution tables

for the period 1 April 2009 to 31 March 2010

	Net income p	Equalisation p	Net distribution paid 30.11.09 p	Net distribution paid 30.11.08 p
Distribution paid 30 November 2009				
Accumulation shares (No Trail)				
Group 1	4.1421	-	4.1421	4.6416
Group 2	2.4921	1.6500	4.1421	4.6416
Income shares (No Trail)				
Group 1	3.1879	-	3.1879	3.7376
Group 2	3.1879	0.0000	3.1879	3.7376

Group 1 shares: purchased prior to 1 April 2009

Group 2 shares: purchased on or after 1 April 2009

	Net income p	Equalisation p	Net distribution payable 31.5.10 p	Net distribution paid 31.5.09 p
Distribution payable 31 May 2010				
Accumulation shares (No Trail)				
Group 1	3.6777	-	3.6777	3.6458
Group 2	2.1129	1.5648	3.6777	3.6458
Income shares (No Trail)				
Group 1	2.7793	-	2.7793	2.8684
Group 2	2.7793	0.0000	2.7793	2.8684

Group 1 shares: purchased prior to 1 October 2009

Group 2 shares: purchased on or after 1 October 2009

Equalisation applies only to shares purchased during the distribution period (Group 2). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax. Instead, it must be deducted from the cost of income shares for capital gains purposes.

UK Strategic Income Fund

Investment report for the period

The Investment Objective of the UK Strategic Income Fund

The fund aims to produce an above average income with capital growth primarily through a portfolio of investments in UK companies. In pursuing this objective, the fund managers may include other investments that they consider appropriate which include transferable securities, money market instruments, warrants, collective investment schemes, deposits and other permitted investments and transactions as detailed in Appendix 2 of the most recent Full Prospectus.

Share Prices	01.4.10 p	01.4.09 p
Accumulation shares	93.17	70.59
Accumulation shares (No Trail)	359.80	271.39
Income shares (xd)	83.82	65.99
Income shares (No Trail) (xd)	323.83	253.69

Performance

To 31 March 2010

	Since 30.9.09 %	Percentage growth Since 31.3.09 %	Since 31.3.05 %
UK Strategic Income Fund (income shares (No Trail))	8.55	33.41	37.03
FTSE All-Share Index	12.24	52.30	41.29
IMA UK Equity Income & Growth Sector	8.84	42.22	33.04
Fund Ranking	10/18	14/18	7/17

Standardised rolling 12 month performance

	31.3.05 31.3.06 %	31.3.06 31.3.07 %	31.3.07 31.3.08 %	Percentage growth 31.3.08 31.3.09 %	31.3.09 31.3.10 %
UK Strategic Income Fund (income shares (No Trail))	24.5	11.1	-7.7	-19.5	33.4

This standardised past performance information is updated on a quarterly basis. Should you require up to date past performance information, this is available on our website www.invescopetual.co.uk or by contacting us.

Fund and sector average performance data source: Lipper, mid-to-mid (excluding the initial sales charge), in sterling, with net income reinvested. FTSE All-Share Index data source: Thomson Datastream, total return, in sterling terms.

The value of investments and any income from them will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

Past performance is not a guide to future returns. Current tax levels and reliefs may change. Depending on individual circumstances, this may affect investment returns.

UK Strategic Income Fund

Investment report for the period

Strategy, review and outlook

The value of shares in the fund rose by 33.4% during the 12 months to the end of March 2010 compared to a 52.3% rise for the FTSE All-Share Index. This placed the fund in the fourth quartile of its peer group, the IMA UK Equity Income & Growth sector, which rose by an average of 42.2%.

Fund and sector average performance data are sourced from Lipper and are quoted mid-to-mid (excluding the initial sales charge), in sterling, with net income reinvested. The FTSE All-Share Index data are sourced from Thomson Datastream and are quoted total return, in sterling.

Past performance is not a guide to future returns.

Set against a backdrop of unprecedented government stimulus measures, record-low interest rates and improving economic data, the UK stockmarket staged a remarkable recovery in the 12 months to 31 March 2010. The FTSE All-Share index rose by 52.3% (total returns) over the period having hit a 10-year low in March 2009. The favourable conditions generated optimism among investors that the economy had started to recover. This sentiment was reflected in the renewed appetite for riskier assets, which saw market performance dominated by share-price appreciation of companies in industrial, financial and commodity sectors of the market at the expense of sectors with stable, predictable earnings. It is worth remembering that we started the year in the midst of a deep recession with a bleak and troubling near-term outlook for the UK economy. This rather depressing prospect improved as the year progressed, with considerable help from government stimulus.

The fund generated healthy absolute returns over the review period but on a relative basis was not able to keep pace with the performance of the FTSE All-Share index. This was largely on account of the bias towards defensive sectors of the market, such as utilities, tobacco and pharmaceuticals, which fell out of favour in an environment where investors continued to sell defensives to buy cyclical companies. The fund's lack of exposure to the mining sector proved detrimental for performance as the state sponsored resilience of the Chinese economy prompted a surprisingly rapid recovery in commodity prices.

In terms of portfolio activity some diversification was added to take advantage of opportunities to invest in good quality businesses at cheap valuations. There were several new transactions within the fund, including Babcock International, Morrison (Wm.) Supermarkets, Compass Group and VT Group.

Babcock International was purchased following a period of share-price weakness and in order to increase the Fund's exposure to growth in government outsourcing following the General Election. After the end of the period Babcock succeeded in acquiring VT Group. The portfolio had holdings in both companies and has retained a position in the enlarged group which has become a business with increased diversification to outsourcing in central government expenditure.

A new holding in Morrison (Wm.) Supermarkets was initiated following the announcement of the change of management. In the aftermath of the CEO's departure, the shares performed poorly but a decision was made to build a holding as the company continues to succeed in executing its strategy of margin recovery and geographic expansion. A dip in Compass Group's share price during the review period presented an attractive entry point to purchase the shares at a favourable valuation. In terms of disposals from the portfolio, life insurer Just Retirement was sold after being acquired by private equity. Oil majors BP and Royal Dutch Shell were sold to seek better growth opportunities elsewhere in the market. Following periods of strong performance, Arm Holdings and British Airways were also removed from the portfolio.

The current composition of the fund reflects our cautious view, with defensive sectors such as utilities, tobacco and pharmaceuticals featuring prominently in the portfolio. The significant disparity in the performance of the UK equity market over the past year has created a large opportunity to buy these kinds of companies at very low valuations compared to their historic average.

In terms of the outlook for the UK equity market, we believe that UK equities are now fairly valued and that the stockmarket could rise modestly in 2010, even though there are pockets of over valuation. The most plausible outcome is that market leadership will rotate from cyclicals to defensives, which will benefit the positioning of the portfolio.

From the perspective of UK dividends, we are confident that the UK market will continue to be among the better income-generating markets globally. Given the favourable valuation starting point for many of these shares and the high level of confidence which we hold for the future level of growth in these dividends, we believe the long-term outlook for the portfolio looks promising.

Mark Barnett, Fund Manager

Where Mark Barnett has expressed views and opinions, these may change and are not necessarily representative of Invesco Perpetual views.

The fund's ten largest investments were	%
BG	5.62
British American Tobacco	5.41
Vodafone	5.24
Reynolds American	5.03
Imperial Tobacco	4.61
AstraZeneca	4.54
GlaxoSmithKline	4.22
Capita	3.75
BAE Systems	3.74
BT	3.44

UK Strategic Income Fund

Investment report for the period

Comparative table

Total net assets of fund	31.3.10 £'000	31.3.09 £'000	31.3.08 £'000	31.3.07 £'000
Total net assets	85,872	32,068	29,752	45,884
Net asset value	31.3.10	31.3.09	31.3.08	31.3.07
Accumulation shares				
Assets attributable (£'000)	20,644	5,827	72	-
Shares in issue	22,428,343	8,277,863	81,943	-
Net asset value (pence per share)	92.05	70.39	87.45	-
Accumulation shares (No Trail)				
Assets attributable (£'000)	50	15	3	-
Shares in issue	13,950	5,514	762	-
Net asset value (pence per share)	355.51	270.54	334.52	-
Income shares				
Assets attributable (£'000)	21,189	247	1	-
Shares in issue	25,612,924	376,050	1,500	-
Net asset value (pence per share)	82.73	65.75	85.18	-
Income shares (No Trail)				
Assets attributable (£'000)	43,989	25,979	29,676	45,884
Shares in issue	13,763,297	10,277,541	9,106,841	12,571,441
Net asset value (pence per share)	319.61	252.77	325.87	364.98

Price and income record by share class

Calendar year	Highest share price p	Lowest share price p	Net income per share p
Accumulation shares			
2007 ²	101.11	90.72	1.0184
2008	98.82	66.85	3.1245
2009	90.19	67.16	3.2632
2010 ¹	93.40	88.31	1.4543
Accumulation shares (No Trail)			
2007 ²	386.06	346.25	6.2853
2008	377.59	256.46	11.9659
2009	347.85	258.13	12.5553
2010 ¹	360.67	340.76	5.6105
Income shares			
2007 ²	100.43	90.72	1.0180
2008	97.76	63.69	3.0638
2009	82.41	64.01	3.0730
2010 ¹	85.34	80.69	1.3280
Income shares (No Trail)			
2005	321.67	271.50	9.1085
2006	363.98	317.17	6.9553
2007	385.88	348.48	10.8421
2008	373.59	244.33	11.7357
2009	317.98	246.02	11.8258
2010 ¹	329.69	311.51	5.1245

¹ to 31 March

² from 31 May

Income shares were redesignated income shares (No Trail) on 31 May 2007. On the same date, accumulation shares (No Trail) were issued at 381.08p and accumulation shares and income shares were issued at 100p.

UK Strategic Income Fund

Investment report for the period

Total expense ratio (TER)	01.4.09 to 31.3.10	01.4.08 to 31.3.09
Total expenses as % of average net assets		
Accumulation shares and income shares	1.70%	1.73%
Accumulation shares (No Trail) and income shares (No Trail)	1.20%	1.23%
Total expenses per note 4 (£'000)	859	362
Average net assets for the period (£'000)	61,352	28,926

The total expense ratio (TER) represents the annual operating expenses of the fund expressed as a percentage of average net assets for the period - it does not include initial charges or transaction expenses. The TER includes the annual management charge and also the following charges which are deducted directly from the Fund: Registration Fee, Depositary Fee, Custody Fee, Audit Fee, FSA Fee, Price Publication Fee and Report production, less : VAT recoverable where applicable. The TER is expressed as an annual percentage rate.

Portfolio turnover rate (PTR)	01.4.09 to 31.3.10	01.4.08 to 31.3.09
Total purchases (£'000)	48,836	19,632
Total sales (£'000)	7,639	11,548
Portfolio turnover rate as % of average net assets	9.56%	55.10%

Portfolio Turnover Rate (PTR) gives an indication of how frequently investments within the funds are purchased and sold. The PTR is calculated by taking (a) the sum of investments purchased and sold, less (b) the sum of the fund's share capital issued and cancelled, and is expressed as a percentage of the average net asset value.

UK Strategic Income Fund

Investment report for the period

Portfolio Statement as at 31 March 2010		Holding or nominal value of positions	Market value £'000	Percentage of total net assets %
Investment				
United Kingdom 95.41% (31.3.09 - 93.59%)				
Oil & Gas 6.11% (31.3.09 - 14.63%)				
Altus Resource		312,500	425	0.49
BG		423,020	4,822	5.62
Basic Materials 0.46% (31.3.09 - 0.24%)				
Basic Resources 0.46% (31.3.09 - 0.24%)				
UK Coal		798,768	397	0.46
Industrials 17.32% (31.3.09 - 11.00%)				
Construction & Materials 1.98% (31.3.09 - 1.92%)				
Balfour Beatty		582,307	1,701	1.98
Industrial Goods & Services 15.34% (31.3.09 - 9.08%)				
Babcock International		146,000	879	1.02
BAE Systems		864,986	3,210	3.74
Bunzl		151,331	1,090	1.27
Capita		425,952	3,220	3.75
Homeserve		40,757	730	0.85
Plaxica		13,300	67	0.08
Rentokil Initial		1,042,253	1,358	1.58
Rolls-Royce		175,194	1,043	1.21
Rolls-Royce 'C'		4,557,180	5	0.01
VT		209,117	1,568	1.83
Consumer Goods 14.64% (31.3.09 - 11.52%)				
Food & Beverage 1.30% (31.3.09 - 0.84%)				
Landkom International		4,852,110	255	0.30
Tate & Lyle		190,158	863	1.00
Personal & Household Goods 13.34% (31.3.09 - 10.68%)				
British American Tobacco		204,505	4,644	5.41
Homebuy 'A'		66,400	0	0.00
Imperial Tobacco		197,203	3,962	4.61
Reckitt Benckiser		78,700	2,846	3.32
Health Care 12.67% (31.3.09 - 13.01%)				
Allergy Therapeutics		3,933,333	511	0.60
AstraZeneca		132,818	3,901	4.54
Biocompatibles International		177,427	412	0.48
BTG		570,164	1,015	1.18
GlaxoSmithKline		286,481	3,623	4.22
IDMoS ¹		217,597	0	0.00
Imperial Innovations		67,622	325	0.38
Lombard Medical Technologies		38,308,483	345	0.40
Phoqus ¹		208,192	0	0.00
Puricore		1,923,621	202	0.24
Puricore warrants		120,405	0	0.00
Renovo		204,715	49	0.06
Vectura		479,948	224	0.26
XCounter		5,347,365	267	0.31
XTL Biopharmaceuticals ADR		59,585	4	0.00
XTL Biopharmaceuticals warrants 22/3/2011		25,990	0	0.00

UK Strategic Income Fund

Investment report for the period

Portfolio Statement continued as at 31 March 2010

Investment

Consumer Services 8.21% (31.3.09 - 5.89%)

Retail 4.80% (31.3.09 - 4.46%)

Morrison (Wm.) Supermarkets

Holding or nominal value of positions	Market value £'000	Percentage of total net assets %
--	--------------------------	---

Tesco

509,411	1,495	1.74
603,884	2,628	3.06

Media 1.32% (31.3.09 - 0.24%)

ITV

528,840	321	0.37
---------	-----	------

Yell

2,000,000	816	0.95
-----------	-----	------

Travel & Leisure 2.09% (31.3.09 - 1.19%)

Compass

340,837	1,791	2.09
---------	-------	------

Telecommunications 9.78% (31.3.09 - 7.61%)

BT

2,384,387	2,954	3.44
-----------	-------	------

KCOM

1,930,629	946	1.10
-----------	-----	------

Vodafone

2,962,096	4,503	5.24
-----------	-------	------

Utilities 15.08% (31.3.09 - 17.82%)

Barclays Bank Nuclear Power Notes

425,737	128	0.15
---------	-----	------

Centrica

762,656	2,239	2.61
---------	-------	------

Drax

305,280	1,140	1.33
---------	-------	------

International Power

692,300	2,206	2.57
---------	-------	------

National Grid

391,776	2,511	2.92
---------	-------	------

Northumbrian Water

485,601	1,374	1.60
---------	-------	------

Pennon

292,999	1,530	1.78
---------	-------	------

Scottish & Southern Energy

165,353	1,819	2.12
---------	-------	------

Financials 9.40% (31.3.09 - 9.18%)

Insurance 3.59% (31.3.09 - 4.38%)

Beazley

1,002,571	1,084	1.26
-----------	-------	------

Hiscox

596,321	1,995	2.33
---------	-------	------

Financial Services 5.81% (31.3.09 - 4.80%)

A J Bell

195,000	536	0.63
---------	-----	------

Climate Exchange

24,167	121	0.14
--------	-----	------

Damille Investments

630,000	630	0.73
---------	-----	------

Ecofin Water & Power Opportunities

313,499	447	0.52
---------	-----	------

Ecofin Water & Power Opportunities subscription shares

26,227	2	0.00
--------	---	------

Fusion IP

911,060	292	0.34
---------	-----	------

Helphire

514,323	271	0.32
---------	-----	------

Impax Asian Environmental Markets

500,000	587	0.68
---------	-----	------

Impax Asian Environmental Markets subscription shares

100,000	34	0.04
---------	----	------

Impax Environmental Markets

369,497	440	0.51
---------	-----	------

Macau Property Opportunities Fund

71,104	95	0.11
--------	----	------

Provident Financial

158,255	1,372	1.60
---------	-------	------

Trading Emissions

193,727	165	0.19
---------	-----	------

Technology 1.39% (31.3.09 - 2.07%)

Mirada

9,281	2	0.00
-------	---	------

Nexxon 'B'

2,882	200	0.23
-------	-----	------

Sage

416,598	996	1.16
---------	-----	------

Fixed Interest 0.05% (31.3.09 - Nil)

Ecofin Water & Power Opportunities 6% 31/5/2016

36,785	42	0.05
--------	----	------

Preference Shares 0.30% (31.3.09 - 0.62%)

Circassia pref.

1,194	259	0.30
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UK Strategic Income Fund

Investment report for the period

Portfolio Statement continued as at 31 March 2010		Holding or nominal value of positions	Market value £'000	Percentage of total net assets %
Investment				
United States 5.04% (31.3.09 - 5.34%)				
Consumer Goods 5.03% (31.3.09 - 5.28%)				
Personal & Household Goods 5.03% (31.3.09 - 5.28%)				
Reynolds American		121,196	4,321	5.03
Health Care 0.01% (31.3.09 - 0.06%)				
Napo Pharmaceuticals Reg. S		2,155,883	7	0.01
Napo Pharmaceuticals warrants 28/2/2015		1,090,909	0	0.00
XL TechGroup ¹		141,466	0	0.00
Portfolio of investments (31.3.09 - 98.93%)			86,262	100.45
Net other (liabilities)/assets (31.3.09 - 1.07%)			(390)	(0.45)
Net assets			85,872	100.00

Holdings are ordinary shares unless otherwise stated.

¹ Unapproved securities within the meaning of the COLL Sourcebook.

UK Strategic Income Fund

Investment report for the period

Summary of Material Portfolio Changes

for the period 1 April 2009 to 31 March 2010

	Cost £'000
Total purchases	48,836
Largest purchases:	
BG	2,500
BAE Systems	2,371
Reckitt Benckiser	2,341
Vodafone	2,195
British American Tobacco	2,006
Capita	1,890
AstraZeneca	1,747
Imperial Tobacco	1,574
GlaxoSmithKline	1,538
Morrison (Wm.) Supermarkets	1,487
BT	1,406
Compass	1,248
National Grid	1,084
Scottish & Southern Energy	1,068
VT	1,024
Balfour Beatty	1,017
Hiscox	1,004
Centrica	988
International Power	934
United States	
Reynolds American	1,344

	Proceeds £'000
Total sales	7,639
Sales:	
BP	2,496
Royal Dutch Shell 'B'	1,207
Rolls-Royce	818
British Airways	795
Just Retirement	442
ARM	238
DSG International	211
ITV	201
British American Tobacco	178
Imperial Tobacco	177
Centrica	176
Tesco	173
GlaxoSmithKline	173
TUI Travel	96
Compass	94
UK Coal rights	46
Brown (N.)	46
Barclays Bank Nuclear Power Notes	30
Vectura	27
Rolls-Royce 'C'	9
Local Radio	6

UK Strategic Income Fund

Financial statements

Statement of Total Return

For the period 1 April 2009 to 31 March 2010

	Notes	£'000	01.4.09 to 31.3.10 £'000	£'000	01.4.08 to 31.3.09 £'000
Income					
Net capital gains/(losses) on investments during the period ¹	2		13,331		(6,564)
Revenue	3	2,551		1,204	
Expenses ¹	4	(859)		(362)	
Finance costs: Interest	6	(1)		(4)	
Net revenue before taxation		1,691		838	
Taxation	5	(35)		(17)	
Net revenue after taxation for the period			1,656		821
Total return for the period			14,987		(5,743)
Finance costs: Distributions	6		(2,389)		(1,116)
Change in net assets attributable to shareholders			12,598		(6,859)

Statement of Change in Shareholders' Net Assets

For the period 1 April 2009 to 31 March 2010

	£'000	01.4.09 to 31.3.10 £'000	£'000	01.4.08 to 31.3.09 £'000
Opening net assets attributable to shareholders		32,068		29,752
Movement due to sales and repurchases of shares				
Amounts received on issue of shares	45,606		12,151	
Less: Amounts paid on cancellation of shares	(5,006)		(3,090)	
		40,600		9,061
Stamp Duty Reserve Tax		(25)		(1)
Change in net assets attributable to shareholders		12,598		(6,859)
Income accumulations		624		115
Unclaimed distribution monies		7		-
Closing net assets attributable to shareholders		85,872		32,068

¹ The adoption of the SORP issued in November 2008 has resulted in presentation changes to the Statement of Total Return, whereby, Other gains/(losses) and security charges are now classified as net capital gains/(losses) on investments during the period. The effect of this is to remove £7,000 (2009 - £7,000) from "Other gains/(losses)" and reduce "Expenses" by £3,000 (2009 - £3,000), with a corresponding change in "Net capital gains/(losses) on investments during the period".

UK Strategic Income Fund

Financial statements

Balance Sheet as at 31 March 2010			31.3.10 £'000	31.3.09 £'000
	Notes	£'000	£'000	£'000
Assets				
Investment assets			86,262	31,724
Debtors	7	849		807
Cash and bank balances	8	209		868
Total other assets			1,058	1,675
Total assets			87,320	33,399
Liabilities				
Creditors	9	403		774
Bank overdrafts		-		47
Distribution payable on income shares		1,045		510
Total other liabilities			1,448	1,331
Net assets attributable to shareholders			85,872	32,068

UK Strategic Income Fund

Notes to the financial statements

1 Accounting policies

The fund's financial statements have been prepared on the same basis as the Company's financial statements.

2 Net capital gains/(losses) on investments	01.4.09 to 31.3.10 £'000	01.4.08 to 31.3.09 £'000
Non-derivative securities	13,341	(6,297)
Forward currency contracts	-	(257)
Other currency	(7)	(7)
Security charges	(3)	(3)
Net capital gains/(losses) on investments	13,331	(6,564)

3 Revenue	01.4.09 to 31.3.10 £'000	01.4.08 to 31.3.09 £'000
UK dividends	2,216	1,048
Overseas dividends	276	139
Scrip dividends	30	9
Bond interest	20	-
Underwriting commission	9	3
Bank interest	-	5
	2,551	1,204

4 Expenses	01.4.09 to 31.3.10 £'000	01.4.08 to 31.3.09 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	733	295
Registration fees	107	50
	840	345
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	7	3
Safe custody fees	-	1
	7	4
Other expenses:		
Audit fee	6	7
FT listing fees	5	6
Safe custody fees	1	-
	12	13
Total expenses	859	362

UK Strategic Income Fund

Notes to the financial statements

5 Taxation

a) Analysis of charge for the period

	01.4.09 to 31.3.10 £'000	01.4.08 to 31.3.09 £'000
Overseas tax	35	17
Current and total tax charge for the period	35	17

There is no corporation tax charge for the period (2009 - Nil).

b) Factors affecting the tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK for an authorised investment company with variable capital. The differences are explained below:

	01.4.09 to 31.3.10 £'000	01.1.08 to 31.3.09 £'000
Net revenue before taxation	1,691	838
Corporation tax at 20% (2009 - 20%)	338	168
Effects of:		
Revenue not subject to tax	(498)	(211)
Movement in income accruals taxable on receipt	7	(3)
Movement in excess expenses	153	49
Higher tax rates on overseas earnings	35	14
Current tax charge for the period	35	17

Authorised investment companies with variable capital are exempt from tax on capital gains. Therefore any capital return is not included in the above reconciliation.

c) Deferred tax asset

At the period end, there is a potential deferred tax asset of £660,000 (2009 - £500,000) in relation to surplus management expenses. It is unlikely the funds will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the period or prior period.

6 Finance costs

	01.4.09 to 31.3.10 £'000	01.4.08 to 31.3.09 £'000
Distributions and interest		
Accumulations and distributions paid 30 November 2009	1,449	572
Accumulations and distributions payable 31 May 2010	1,372	621
	2,821	1,193
Add: Amounts paid on cancellation of shares	66	32
Less: Amounts received on issue of shares	(498)	(109)
	2,389	1,116
Interest	1	4
Total finance costs	2,390	1,120
The distributable amount has been calculated as follows:		
Net revenue after taxation	1,656	821
ACD's periodic charge taken to capital	733	295
	2,389	1,116

UK Strategic Income Fund

Notes to the financial statements

7 Debtors	31.3.10 £'000	31.3.09 £'000
Amounts receivable for issue of shares	485	570
Sales awaiting settlement	-	101
Accrued income	362	134
Prepaid expenses	2	2
	849	807

8 Cash and bank balances	31.3.10 £'000	31.3.09 £'000
Cash and bank balances	209	868

9 Creditors	31.3.10 £'000	31.3.09 £'000
Amounts payable for cancellation of shares	291	-
Purchases awaiting settlement	1	734
Accrued expenses	111	40
	403	774

10 Commitments and contingent liabilities	31.3.10 £'000	31.3.09 £'000
Potential calls on warrants, if exercised	51	13
	51	13

11 Related Parties

Related party interests in the fund are disclosed in note 13 of the Company's financial statements on page 10. Amounts payable to Invesco Fund Managers Limited in respect of administration and registration services are disclosed in note 4. Amounts due at the end of the accounting period for administration services £91,000 (2009 - £28,000) and registration services £13,000 (2009 - £5,000) are disclosed in note 9 within accrued expenses.

UK Strategic Income Fund

Notes to the financial statements

12 Derivatives and other financial instruments

The fund's performance may be adversely affected by variations in the relative strength of world currencies or if sterling strengthens against those currencies.

The risk factors relating to the fund are discussed more fully in note 15 on pages 11 to 13 of the Company's financial statements.

Numerical disclosures relating to the fund are as follows:

Currency exposure		Net foreign currency assets		
Currency	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000	
31.3.10				
US dollar	61	4,328	4,389	
	61	4,328	4,389	
Sterling	(451)	81,934	81,483	
	(390)	86,262	85,872	
31.3.09				
US dollar	35	1,715	1,750	
	35	1,715	1,750	
Sterling	309	30,009	30,318	
	344	31,724	32,068	

Interest rate risk profile of financial assets

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
31.3.10				
US dollar	-	-	4,389	4,389
Sterling	209	42	82,680	82,931
	209	42	87,069	87,320
31.3.09				
US dollar	-	-	1,750	1,750
Sterling	868	-	30,781	31,649
	868	-	32,531	33,399

Interest rate risk profile of financial liabilities

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
31.3.10			
Sterling	-	1,448	1,448
31.3.09			
Sterling	47	1,284	1,331
	47	1,284	1,331

UK Strategic Income Fund

Notes to the financial statements

12 Derivatives and other financial instruments continued

Interest rate risk profile of fixed rate financial assets

	Weighted average interest rate %	Weighted average period for which rate is fixed years
31.3.10		
Sterling	3.5	6.2

The fund held no fixed rate financial assets at 31 March 2009.

Interest rate risk profile of floating rate financial assets and liabilities

	Market value £'000	Weighted average interest rate %	Weighted average period for which rate is fixed years
31.3.10			
Cash and bank balances	209	0.1	n/a
31.3.09			
Cash and bank balances	868	0.1	n/a
Bank overdraft	47	0.9	n/a

Interest rates on bank balances and overdrafts are linked to LIBOR, EONIA or other local interest rates as appropriate to the currency.

Economic exposure and sensitivity analysis

Forward Foreign Currency contracts

As the fund's portfolio includes assets priced in US dollars, the value of these investments will be subject to variations in the US dollar exchange rates against sterling.

At 31 March 2010, foreign currency exposure represented approximately 5.1% of the fund (31.3.09 - 5.5%).

Sensitivity analysis

No derivatives have been held which could impact the fund significantly.

13 Portfolio transaction costs

	£'000	01.4.09 to 31.3.10 £'000	£'000	01.4.08 to 31.3.09 £'000
Analysis of total purchase costs				
Purchases before transaction costs		48,549		19,514
Commissions	81		36	
Taxes	206		82	
Total purchase costs		287		118
Gross purchases total		48,836		19,632
Analysis of total sale costs				
Gross sales before transaction costs		7,653		11,560
Commissions	(14)		(12)	
Total sale costs		(14)		(12)
Total sales net of transaction costs		7,639		11,548

UK Strategic Income Fund

Distribution tables

Distribution tables

for the period 1 April 2009 to 31 March 2010

	Net income p	Equalisation p	Net distribution paid 30.11.09 p	Net distribution paid 30.11.08 p
Distribution paid 30 November 2009				
Accumulation shares				
Group 1	1.9226	-	1.9226	1.7780
Group 2	0.9385	0.9841	1.9226	1.7780
Accumulation shares (No Trail)				
Group 1	7.3956	-	7.3956	6.8073
Group 2	7.3956	-	7.3956	6.8073
Income shares				
Group 1	1.7960	-	1.7960	1.7318
Group 2	0.6602	1.1358	1.7960	1.7318
Income shares (No Trail)				
Group 1	6.9104	-	6.9104	6.6316
Group 2	2.6118	4.2986	6.9104	6.6316

Group 1 shares: purchased prior to 1 April 2009

Group 2 shares: purchased on or after 1 April 2009

	Net income p	Equalisation p	Net distribution payable 31.5.10 p	Net distribution paid 31.5.09 p
Distribution payable 31 May 2010				
Accumulation shares				
Group 1	1.4543	-	1.4543	1.3406
Group 2	0.9369	0.5174	1.4543	1.3406
Accumulation shares (No Trail)				
Group 1	5.6105	-	5.6105	5.1597
Group 2	1.6848	3.9257	5.6105	5.1597
Income shares				
Group 1	1.3280	-	1.3280	1.2770
Group 2	0.8097	0.5183	1.3280	1.2770
Income shares (No Trail)				
Group 1	5.1245	-	5.1245	4.9154
Group 2	3.5145	1.6100	5.1245	4.9154

Group 1 shares: purchased prior to 1 October 2009

Group 2 shares: purchased on or after 1 October 2009

Equalisation applies only to shares purchased during the distribution period (Group 2). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax. Instead, it must be deducted from the cost of income shares for capital gains purposes.

Invesco Perpetual UK 2 Investment Series

Regulatory statements

Statement of the ACD's Responsibilities in relation to the Financial Statements

The COLL Sourcebook requires the ACD to prepare accounts for each annual accounting period which give a true and fair view of the financial position of the Company as at the end of the period and of the net income and the net gains on the scheme property of the Company for the period then ended. In preparing the accounts the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Financial Statements of Authorised Funds;
- follow applicable accounting standards; and
- keep proper accounting records which enable it to demonstrate that the accounts as prepared comply with the above requirements.

The ACD is responsible for the management of the Company in accordance with the Prospectus and the Regulations.

The ACD is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Depositary's Responsibilities in relation to the Financial Statements

The Depositary is responsible for the safekeeping of all of the property of the Company (other than tangible moveable property) which is entrusted to it.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed in accordance with the COLL Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) ("the OEIC Regulations") and the Company's Instrument of Incorporation in relation to the pricing of, and dealings in, the shares of the Company, the application of the income of the Company, and the investment and borrowing powers of the Company.

Depositary's Report to Shareholders

Having carried out such procedures as we considered necessary to discharge our responsibilities and duties as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the ACD:

- (i) has carried out the issue, sale, redemption and cancellation of shares in the Company, the calculation of the price of the Company's shares and the application of the Company's income in accordance with the COLL Sourcebook and, where applicable, the OEIC Regulations and the Instrument of Incorporation of the Company; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

Citibank International plc

London
20 May 2010

Invesco Perpetual UK 2 Investment Series

Regulatory statements

Independent Auditors' Report to the Members of Invesco Perpetual UK 2 Investment Series

We have audited the Company's financial statements for the year ended 31 March 2010 which comprise the Aggregated Statement of Total Return, Aggregated Statement of Change in Shareholders' Net Assets, Aggregated Balance Sheet and related notes 1 to 16 together with the Statement of Total Return, Statement of Change in Shareholders' Net Assets, Balance Sheet, related notes and Distribution tables for each sub fund. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Services Authority. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the ACD, Depositary and Auditors

The ACD's responsibilities for preparing the Annual Report and the financial statements in accordance with the Collective Investment Schemes Sourcebook of the Financial Services Authority, the Instrument of Incorporation, and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of ACD's responsibilities in relation to the financial statements. The Depositary is required to take reasonable care to ensure compliance by the ACD with all relevant requirements.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Services Authority, and the Instrument of Incorporation. We also report to you whether, in our opinion, the Report of the ACD is consistent with the financial statements, whether the ACD has not kept proper accounting records for the company or the sub funds or whether the financial statements are not in agreement with those records, and whether we have received all the information and explanations which, to the best of our knowledge and belief, we require for our audit.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the ACD, investment objective, price and performance disclosures, the Strategy, review and outlook, the Comparative Table, the Portfolio Statement, the Summary of Material Portfolio Changes and the Total Expense Ratio and the Portfolio Turnover Rate for each sub fund and the Depositary's Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the ACD in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial position of the Company and of its sub funds as at 31 March 2010 and of the net income and the net gains on the scheme property of the Company and its sub funds for the year then ended;
- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Services Authority and the Instrument of Incorporation;
- the report of the ACD is consistent with the financial statements;
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records; and
- we have received all the information and explanations which, to the best of our knowledge and belief, we require for our audit.

Ernst & Young LLP
Registered Auditor
20 May 2010
London

Authorised Corporate Director

Invesco Fund Managers Limited

Registered Office: 30 Finsbury Square, London EC2A 1AG, UK

Registered in England No. 898166

The Company is an investment company with variable capital under Regulation 12 of the Open-Ended Investment Companies Regulations 2001 and is a wider-range investment for the purposes of the Trustee Investment Act 1961.

The Authorised Corporate Director's investment adviser is:

Invesco Asset Management Limited

30 Finsbury Square, London EC2A 1AG, UK

Registered in England No. 949417

Invesco Asset Management Limited and Invesco Fund Managers Limited are authorised and regulated by the Financial Services Authority.

Registrar

Invesco Administration Services Limited

Registered Office: 30 Finsbury Square, London EC2A 1AG, UK

For registration enquiries please call free on 0800 085 8571

or write to us at:

Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK

Depository

Citibank International plc

Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, UK

(Authorised and regulated by the Financial Services Authority).

Auditors

Ernst & Young LLP

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Further information

General enquiries

Investor Services Team 0800 085 8677
Broker Services Team 0800 028 2121
International calls +44 (0)1491 417000

Lines are open 8.30am to 6pm, Monday to Friday, excluding Bank Holidays.

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To invest

ISA Dealing Line 0800 917 7581
ICVC Dealing Line 0800 085 8571

New clients must confirm that they have received the relevant Simplified Prospectus pre-sale.

We will record telephone calls to our Dealing Line.

Valuations

Automated Valuation Service 0800 028 4050
Lines are open 24 hours a day.

Further information on our products, including Simplified Prospectuses and ISA Key Features, are available using the contact details above.

The Prospectus, which contains a written statement of the terms and conditions of the Company, can be obtained from the ACD, as can copies of Interim and Annual Reports. Please call our Literature Request Line on 0800 085 8677 (for clients) and 0800 028 2121 (for intermediaries) or log onto our website (www.invescopetual.co.uk).

Telephone calls may be recorded.

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